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# IRAQ GOVERNANCE STRENGTHENING PROJECT GSP/TAQADUM

## INTERGOVERNMENTAL COOPERATION IMPROVEMENT PLAN FRAMEWORK

February 2015  
Revised March 2015  
Revised May 2015

# IRAQ GOVERNANCE STRENGTHENING PROJECT/TAQADUM

## *INTERGOVERNMENTAL COOPERATION IMPROVEMENT PLAN (ICIP) FRAMEWORK*

### **FUNDED BY USAID**

Contract No. AID-267-C-11-00006

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## ABBREVIATIONS AND ACRONYMS

<b>ARDP</b>	Accelerated Reconstruction Development Plan
<b>COR</b>	Council of Representatives
<b>COMSEC</b>	Council of Ministers Secretary
<b>CSO</b>	Civil Society Organization
<b>CSD</b>	Citizen Services Desk
<b>CSS</b>	Citizen Satisfaction Survey
<b>DEC</b>	Development Experience Clearinghouse
<b>DG</b>	Director General
<b>DMAT</b>	Decentralization Mapping and Analysis Tool
<b>ESDO</b>	Essential Service Delivery Oversight
<b>FMIS</b>	Financial Management Information System
<b>GO</b>	Governor's Office
<b>GOI</b>	Government of Iraq
<b>GSP/Taqadum</b>	Governance Strengthening Project/Taqadum
<b>HCCP</b>	High Commission for Coordination among Provinces
<b>ICI</b>	Intergovernmental Coordination Improvement
<b>IDP</b>	Internally Displaced Person
<b>IDS</b>	Iraq Development and Sustainability
<b>IDIR</b>	Issue Tracking System
<b>IOM</b>	International Organization for Migration
<b>IPD</b>	Internally Displaced Persons
<b>ISCI</b>	Islamic Supreme Council of Iraq
<b>IT</b>	Information Technology
<b>ITRS</b>	Issue Tracking and Reporting System
<b>KRG</b>	Kurdistan Regional Government
<b>Law 21</b>	Provincial Powers Act (2008) or "Transfer of Functions" Law, calling for decentralization of the government and the transfer of pertinent Ministerial "functions" to the provincial governments
<b>LOP</b>	Life of Project
<b>LT</b>	Long-term
<b>LTTA</b>	Long-term Technical Assistant
<b>M&amp;E</b>	Monitoring and Evaluation
<b>M&amp;O</b>	Monitoring and Oversight
<b>MOE</b>	Ministry of Education
<b>MOF</b>	Ministry of Finance
<b>MOH</b>	Ministry of Health
<b>MOLSA</b>	Ministry of Labor and Social Affairs
<b>MOMPW</b>	Ministry of Municipalities and Public Works
<b>MOP</b>	Ministry of Planning

<b>MOSGA</b>	Ministry of State for Governorates Affairs
<b>MOU</b>	Memorandum Of Understanding
<b>NDP</b>	National Development Strategy
<b>NGO</b>	Nongovernmental Organization
<b>OCHA</b>	Office of the Coordination of Humanitarian Affairs
<b>OSTP</b>	Organizational Self-Assessment and Transformation
<b>PC</b>	Provincial Council
<b>PG</b>	Provincial Government
<b>PM</b>	Prime Minister
<b>PMAC</b>	Prime Minister's Advisory Council
<b>PM&amp;E</b>	Performance Monitoring and Evaluation
<b>PPDC</b>	Provincial Planning and Development Councils
<b>PMO</b>	Project Management Office
<b>PPDC</b>	Provincial Planning and Development Council
<b>PPL</b>	Provincial Powers Law of 2008
<b>PMO</b>	Project Management Office
<b>PRCS</b>	Project Results Cost Sharing
<b>PTCS</b>	Project Transition Cost Sharing
<b>SC</b>	Sectoral Subcommittees
<b>SD</b>	Service Delivery
<b>SDIP</b>	Service Delivery Improvement Plan
<b>SDIPIC</b>	Service Delivery Improvement Plan Implementation Committee
<b>SDIPDC</b>	Service Delivery Improvement Plan Development Committee
<b>SDPS</b>	Service Delivery Performance Standards
<b>SDSR</b>	Service Delivery Status Report
<b>SFA</b>	Strategic Framework Agreement
<b>SLIT</b>	Sub-legislative Implementation Tracking System
<b>SP</b>	Strategic Plan
<b>SMART</b>	Specific-Measurable-Achievable-Realistic-Time-bound
<b>STTA</b>	Short Term Technical Advisors
<b>SOW</b>	Scope of Work
<b>SWOT</b>	Strengths-Weaknesses-Opportunities-Threats Analysis
<b>TA</b>	Technical Assistance
<b>Taqadum</b>	Arabic for “moving forward”
<b>TF</b>	Task Force (Provincial Task Force)
<b>TOT</b>	Training of Trainers
<b>TSI</b>	Technical Support to Iraq [Program]
<b>USAID</b>	United States Agency for International Development
<b>USG</b>	United States Government
<b>WR</b>	Weekly Report

## GLOSSARY OF TERMS

This glossary of terms is included to insure the understanding of words and phrases as used by the author of this report and other contributors of information and data.

Comprehensive Plan	A policy document that guides implementation; a roadmap: a detailed description of how to get from point A to point B.
Democratic Governance	Means to govern by basic democratic principles, use of democratic procedures, and establishment of democratic institutions. Also involves promoting the sustainability of democracy and requires an enduring capacity for the separation of powers and independence of the branches of government. The exercise of power is in accordance with the rule of law; with respect for human rights and fundamental freedoms; and, transparency and accountability of a responsible civil service, functioning at both the national and local levels
Effectiveness	Means of producing or capable of producing a result; stresses the actual production of or the power to produce an effect; and, suggests the accomplishment of a desired result especially as viewed after the fact
Efficiency	The quality or degree of being efficient as measured by a comparison of production with cost (as in energy, time, and money)
End State	Definition of the United States Department of Defense military term "end state ". Recent Articles: end state. The set of required conditions that defines achievement of the commander s objectives
Framework	A basic structure of ideas; skeletal openwork, structural framework; a frame of reference for accomplishing a goal or objective
Function(s)	Any of a group of related actions contributing to a larger action
Governance	The traditions, institutions, and policies by which a country, dominion, or jurisdiction exercises its authority including the process by which constituents select, monitor, and replace political leaders and government officials; the capacity of the government to effectively formulate and implement sound policies relative to operations
Government	The organization, machinery, or agency through which a political unit exercises authority and performs functions usually classified according to the distribution of power within it; the complex of political institutions, laws, and customs through which the function of governing is carried out; the body of persons that constitutes the governing authority of a political unit or organization
Impacts	Long-term changes that result over time from achieving the program's outputs and outcomes (e.g., improved program delivery
Implementation	Carry out, accomplish a plan; to give practical effect to ensure actual fulfillment by concrete measures
Input	output--the proficiency of an agency or authority in acquiring resources economically and using those resources efficiently

Method	A procedure, process for attaining an objective; a systematic procedure, technique, or mode of inquiry; a systematic plan; synonyms: manner, way, means taken or procedure followed.
Methodology	A body of rules, postulates, and methods, a particular procedure, or set of procedures employed by a discipline and applied in the analysis of principles or procedures of inquiry in a particular field or activity
Networking	The exchange of information or services among individuals, groups, or institutions, specifically: the cultivation of productive relationships for addressing items of mutual interest or benefit
Outcome	An Outcome is the medium term changes that result from achieving the outputs (e.g., the improved skills of employees)
Output	An output is the short-term achievement resulting from activities undertaken to implement a program (e.g., the number of public servants trained)
Output-outcome	Effectiveness in achieving performance targets, a particular value, or characteristic used to measure performance outputs or outcomes of activities against a particular measure expressed as an actual number, a financial value, or a percentage.
Service Delivery performance standard	A public commitment by government to citizens to achieve a measurable level of performance expected, in terms of quantity, quality, processes, time, and cost, assuming normal circumstances and events during the timeframe specified.
Performance Target	The intended quantified level of performance towards achieving the goals or strategic objectives within a specified period. (e.g., reduce poverty by 10%; reduce the numbers of homeless by 100 persons, etc.)
Plan	A method for achieving an end; procedure, a detailed formulation of a program of action(s); a plotted course of action
Process	A series of actions or management of operations that lead to a particular and often desirable result (end state)
Regionalism	Consciousness of and loyalty to a distinct region with a homogeneous population; development of a political or social system based on one or more such areas
Road Map	Guide or plan designed to delineate functional responsibility necessary to achieve a set of goals; a detailed plan to guide progress toward a goal; a detailed explanation of how to get from one point to another.
Service delivery	Work performed by one or many that serves the benefit of others, actions that contribute to the welfare of others.

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## EXECUTIVE SUMMARY

In keeping with the requirements of the relevant intermediate result is Intermediate Result 1: Provincial and Local Government Authorities and Responsibilities Institutionalized. The intermediate result tasks the GSP/Taqadum Team with presenting a plan for administrative decentralization of the targeted ministries to the High Commission for Coordination among the Provinces (HCCP), when called to do so by the Prime Minister. The plan must consider and include data and information regarding the following elements:

- Decentralization Mapping and Analysis Tool (DMAT) results that identify tasks, services, and competencies to be devolved from the three targeted out of eight service ministries to the Provinces
- A timeline for carrying out the phased activities associated with the devolution.
- The plans also define a local administrative structure to manage the devolved ministries and include a redistribution of authorities from ministerial to local governance, new procedures, and a reporting system.
- In addition to the specific plans, materials, and processes resulting from the GSP/Taqadum project, other assistance will be available to improve the knowledge and capacity of targeted Government of Iraq counterparts to prepare for continued devolution of functions from the central to provincial level

The materials and processes carried out under this project are available in electronic and hard-copy format and will be available for replication in other provinces and for other ministries to be devolved

## BACKGROUND

Currently, GSP/Taqadum supports seven provinces: Babil, Baghdad, Diyala, Diwaniyah, Kirkuk, Najaf, and Wassit, in preparing a plan for administrative decentralization. In these targeted provinces, the local directorates of Health, Education and Municipalities and Public Works have collaborated with provincial leadership to address the most pressing question to emerge from the Provincial Powers Act: How should the government execute the prescribed transfer of authority?

The decentralization activities engaged Ministry commitment through its directorates in an effort to determine which roles, responsibilities, authorities, human and financial resources should remain at the national level and those that should be devolved to the provincial level. The project has also supported the coordination between provinces and ministries' directorates, which will allow the various processes introduced by GSP/Taqadum to continue beyond the performance period of the current project. The GSP/Taqadum Decentralization Project is also helping to imbed practical principles of decentralization in Iraq.

Each governorate formed a Task Force and developed a set of guidelines for developing a plan for administrative decentralization. Thereafter, each governorate Task Force formed subcommittees that provided answers to the following questions, using the systems, tools, and processes developed in conjunction with the GSP/Taqadum project:

- What functions/tasks, services, revenues, and competencies will devolve to the provinces, and what timeline used for completing administrative decentralization?
- What types of organizational, procedural and system reforms are appropriate?

- How will Task Forces, sub-committees and directorates manage and integrate devolved functions into existing local administrative structures?

In addition, they focused primarily on four issues:

1. Organizational development and mechanisms for communication and coordination
2. Financial management process and key issues as related to the Department of the Treasury (to become the Department of Finance)
3. Service delivery by Directorates, access and key issues
4. Legal aspects of transferring ministry functions to the provinces

The GSP/Taqadum team combined the individual activities into a single set of requirements for developing and preparing an intergovernmental coordination plan for use in transitioning to decentralization mandates included in Article 45 of Law 21, The Provincial Powers Act.

## **OVERVIEW OF DECENTRALIZATION IN IRAQ**

### **Why Decentralization is Important**

Decentralization is important for a wide variety of reasons. First and foremost, the process of decentralization redistributes or disperses powers, authority, functional responsibility for services delivery, budgets, and assets away from a central government authority. It eliminates, moderates, or minimizes the central government's top-down decision-making processes and places these responsibilities at the lowest possible level where policy formulation, decision-making, and services delivery is more representative of the priorities and desires of the community. It disperses political action throughout the system rather than concentrating power and authority in one person or a single legislative body. It fosters "grass roots" participation, improves knowledge and understanding of political process, enhances communication, heightens transparency, and finally, is believed to result in improved government provide services.

### **Status of Law 21: the Provincial Powers Act**

Amendment No. 2, Law No. 19 of 2013, amends Law 21 the Provincial Powers Law of 2008, and requires the gradual transfer of administrative authority from eight ministries to Provinces within two years. Starting in May 2014, GSP/TAQADUM began preparation plans for implementing decentralization activities in seven of Iraq's 15 provinces to prepare a consensus plan for the administrative decentralization and improvement of services in three of the eight named ministries. The plan for administrative decentralization of the target ministries goes to the High Commission for Coordination among the Provinces (HCCP), when called for by the Prime Minister..."

With the assistance of GSP/Taqadum, a National Workshop titled "Legal Challenges Facing the Implementation of Administrative Decentralization", November 24 to November 26, 2014, in Baghdad. The workshop focused on discussing laws that govern work of the targeted Ministries of Health, Education, and Municipalities and Public Works. The workshop objective was to identify laws currently shared by all ministries, laws that contradict or conflict with existing administrative policies and decentralization laws, and those laws that may directly affect the successful implementation of Article 45 of Law 21 of 2008 as amended.

Participants identified and examined those laws shared by all ministries. The product of this workshop was a report outlining recommendations for amendments to the laws in question as proposed by the participants of this workshop.

### **Central Government and Decentralization: Political Overview**

There is a large contingency in the central bureaucracy that generally believes and subscribes to the position that all, or at least nearly all, decisions should be those of the Central government and that it [the central government] better manages functions from Baghdad. The belief held by some politicians is that a more centralized system of government is better able to maintain unity and solidarity in Iraq. Some hold the belief that provincial government executives, council members, and employees are generally not qualified or sufficiently trained to carry out the functions and perform the duties, roles, and responsibilities needed to accomplish the work of local government.

Fortunately, these attitudes, beliefs, and opinions of central government politicians is offset by strong leadership and support at the Prime Minister level. As mentioned in this report, the Prime Minister has voiced publicly his support to move forward immediately with the provisions of Law 21, as amended regarding decentralization.

### **Current and Future Role of Ministries, Directorates, Provinces**

The current role of the Ministries regarding administrative and operational governance is an all-encompassing responsibility for policy formulation, services delivery, budgeting, training, as well as other related activities and programs associated with the national mandates for their respective sectors. Under a decentralized government, the role of service ministries devolves to the provincial level. Accordingly, the roles and responsibilities for ministries, directorates, and provinces will change. Moreover, they are also likely to change in the future as laws, “circumstances, and events” may dictate, and local capacities increase.

### **Provincial Government Snapshot**

A First National Governor’s Conference on Developing a Road Map for the Implementation took place January 12 and 13, 2014 in Baghdad. Conferees modified and adopted the USAID-funded GSP/Taqadum Road Map to Decentralization for Implementation of Law 21, as Amended. The consensus plan—Road Map--adopted outlined the initial steps for carrying out decentralization activities. The Road Map recommended that the process begin by doing the following:

1. Call the HCCP to convene and establish Province task forces in each of the participating provinces
2. Develop and implement an action plan based on a comprehensive review of Directorates, with Recommendations on Legal and Regulatory Reform and Funding for Transferred Investment Allocations.
3. Build consensus among stakeholders (center and local)
4. Establish a transitional coordination process that engages the MOSGA.

Activity 2 above called for the preparation of a tool kit for the collection of data and information on each of the Directorates, to collect the “as-is” information, and present the information to the Province Task Forces for review and deliberation. Specifically, the Task Forces were responsible for the identification of opportunities for improvement, reaching agreement on roles, authorities, and competencies; personnel and budgets; and organization structures of organizational units for transfer to the Provinces.

In following the decentralization activities road map, participating provinces engaged ministry commitment through its directorates in an effort to determine which roles, responsibilities, authorities, personnel, and budgets should remain with ministries and those that should devolve to the Provinces. The project also supports the coordination and cooperation between Provinces and ministry directorates in the provinces, which allows the process to continue beyond the performance period of the project. The GSP/Taqadum Decentralization Project continues to help establish the practical principles associated with the decentralization process in Iraq.

### **Potential Impact of Decentralization**

Given the demonstrated commitment, support, and level of participation, the potential for the Iraq GSP/Taqadum project interventions having an impact on the development of provincial government looks very good at this time, except for current hostilities and uncertain security within Iraq. The many accomplishments the project has achieved to date and the expanded interest and voluntary participation of provinces not selected for participation speaks volumes about the impact already experienced and supports the belief that favorable impact is also likely in the future.

## **INTERGOVERNMENTAL COORDINATION IMPROVEMENT PLAN (ICIP) DEVELOPMENT**

### **Intergovernmental Coordination Defined**

Decentralization is the process of coordinating the relations between federal and local governments. It is systematically transferring functions to the lowest levels of government, except for those functions and activities that only the central level of government provides. The process divides a group of functions and activities into relatively autonomous units and grants overall authority and responsibility for their operation. It also represents assigning specific duties, responsibilities, and work to the various organizational units, executives, and managerial staff. Accordingly, the process of decentralization lowers the level of decision-making authority to the lowest possible levels of government. The degree of decentralization is determined by the nature of the authority transferred, the level to which it is transferred, and surety of the recipient to carry out the functional duties and responsibilities.

The GSP/Taqadum's ICIP consists of plans for transferring competencies, services, and functions for education, health, municipality, municipalities, water, sewer, urban planning, and planning and follow up responsibilities from the central ministries to provincial level of government with the creation of administrative, financial, and legal enabling environments for such transfer.

### **Challenges Confronting GSP/TAQADUM Project Assisting GOI Implement Decentralization Mandates**

The main challenges that may hinder or impede the GSP/Taqadum project in the future from effectively assisting the GOI in implementing its decentralization mandates include:

1. The central government's domination in Iraq has a long history that is firmly entrenched in Iraq's government systems. It will be difficult to break these established behaviors and they may prove to be a distraction, if not a hindrance.
2. Limited financial resources and absence of means for revenue collection and revenue generation is a significant challenge
3. A generally marginal security situation and continuing threats and hostilities could disrupt project activities in the future.

4. Political influence and interference in decision-making regarding project initiatives: design, selection, and staffing
5. Strained Ministry/Provincial communication, coordination, and cooperation may result in obstacles
6. Inadequate government funding, resolution of issues regarding ministries non-restoration of uncommitted funds for crucial projects, a weakness in implementing financial systems, and properly trained accounting staff
7. Absence of adequate planning; No existing comprehensive, long-term master development plans
8. Human Resources Management Issues: An ineffective human resources management system; lack of properly trained and experienced administrative employees, shortage of technical and specialized staff; existence of job description for most jobs but never been implemented
9. Inadequate facilities, infrastructure, vehicles, and equipment (i.e., some buildings are near to collapse, are in dire need of repairs and renovation, or need to be constructed)
10. Lack of Provincial Council Training: Provincial Councils need training to prepare council members to assume new duties and responsibilities. Training should be relevant to the specific needs and desires of Council members
11. Lack of Transparency: Participatory and transparent governance that focuses on deepening democratic engagement through the participation of and effective communication with citizens in the processes of governance
12. Lack of Citizen/Community Participation: There is little evidence, if any, that community and/or citizens groups participate in provincial government decision-making processes. Citizen's participation is vital to improving governance, especially the delivery of services and citizens satisfaction.

### **Decentralization Mapping and Analysis Tool (DMAT) Process**

The DMAT is a tool used to collect information at the ministry, directorate, and provincial levels to determine the assignment of functional areas of responsibility, legal authority, and specific services and activities carried out. In addition, the tool maps functions and assists in determining whether functions are suitable for devolving to the provincial level. In performing the analysis of functions, thirteen basic factors are considered.

The DMAT sets forth a proposed strategy with specific actions, including a period for accomplishing tasks: immediate, short-term – within six months, and long-term (requiring change in law, or needs technical solution). The section also lists key success indicators and inputs, outputs, and outcomes, as well as recommendations and additional comments providing clarification regarding implementation of recommendations.

The specific approach and methodology in conducting the DMAT exercise involves completing the following activities:

- Analysis of Functions and services
- Assignment of Functions and services
- Applying DMAT Results
- Drafting a report of Findings

- Making specific Recommendations for improvement

The results of the DMAT exercise are crucial to the development of an intergovernmental coordination plan, which outlines the process and agreement for transferring functions to the provinces. These understandings and agreements become an integral part of the intergovernmental coordination plan.

### Combined DMAT Reports

Each of the seven-targeted provinces completed the DMAT process for the Ministries of Education, Health, and Municipalities and Public Works Directorates. The enormity of the data assembled required a first level analysis with the objective of consolidating results into a single combined DMAT document for each functional area analyzed. Such an exercise resulted in the preparation of combined DMATs for the three-targeted ministries. The results reported in this section are a synthesization, or possibly more appropriately put, a distillation of the data gleaned from the combined DMATs.

A summary of the DMAT functions mapping results appears in the table below:

Table 2 Summary of Functions Analysis of Ministries				
Item	Education	Health	Municipalities Public Works	Totals
Total Functions Assigned Ministry	201	77	358	636
Functions currently handled by Provinces	120	22	102	244
Total functions analyzed	81	57	256	394
Total functions to transfer	41	32	218	291
Total functions retained by Ministry	40	25	38	103

GSP/Taqadam project has generated a significant number of materials through hands-on workshops, comprehensive manuals and guides, and delivering a substantial amount of training. A DVD attached to the back of the report provides a collection of documents representing work products delivered during this phase of the project. The subject DVD appears as Attachment D.

## Observations, Findings, and Conclusions

### Enabling Environment for Cooperative Economic Development

An enabled self-governed political environment creates a structure of locally elected institutions that oversee technical departments and permit local government power and authority over devolved/decentralized services. In order to have effective decentralization, local government institutions need to be knowledgeable and capable enough to exercise those powers and authority granted. Revenue and employment generation, small business creation and development, and enhancement of small and medium sized business activities are underpinnings to any economic development initiative. This is the subject covered in considerable detail in Annex E, Financial Authority Report. The capacities of the targeted provincial governments in providing an enabling environment for economic development face the following challenges:

- Limited provincial Economic Development Planning
- Risk factors: Operations, Security, and Financial
- Iraq Political Unrest and Terrorism
- Crime and Violence

In the next phase of the project, GSP/Taqadum staff will assist the Provinces develop the requisite environment for establishing a cooperative economic development program.

### **Capacity of Provincial Government**

Given the demonstrated commitment, support, and level of participation, the potential for the Iraq GSP/Taqadum project interventions having an impact on the development of provincial government look very good at this time, except for the potential threat of current hostilities and uncertain security within Iraq. The many accomplishments the project has achieved to date as well as the expanded interest and voluntary participation of provinces not selected for participation speaks volumes about the impact already experienced and supports the belief that favorable impact is also likely in the future.

### **Lack of Community Participation**

There was little evidence, if any, that the “community” participates in provincial government decision-making processes. There is no appreciable community input into local government budgets prepared at the state and local government levels. The community is not included in community development planning, and it does not have a voice in prioritizing community service needs. The public must be aware and understand the political and traditional forces that are active in local government. The public must seek to participate in these processes in order to ensure that these forces consider their input in the decision-making processes

### **Enabling Legal Environment: Effective Rule of Law System**

The USAID-funded GSP/Taqadum project held a National Legal Workshop titled “Legal Challenges Facing the Implementation of Administrative Decentralization”, November 24 to November 26, 2014, at the Al Mansour Melia Hotel in Baghdad. The workshop focused on discussing laws that govern work of the targeted Ministries of Health, Education, and Municipalities and Public Works. The workshop objective was to identify laws currently shared by all ministries, laws that contradict or conflict with existing administrative policies and decentralization laws, and those laws that may directly affect the successful implementation of Article 45 of Law 21 of 2008 as amended in particular.

The event report prepared by GSP/Taqadum summarizes the findings of the National Legal Workshop held by the USAID-funded GSP/Taqadum from November 24 to November 26, 2014 at Al Mansour Melia Hotel in Baghdad. The purpose of this workshop was to further discussions concerning the legal challenges and conflicts facing the implementation of administrative decentralization by looking at the laws that govern the work of the Ministries of Health, Education, and Municipalities and Public Works. Participants identified and examined those laws shared by all ministries in order to assess particular areas, which might pose a challenge to administrative decentralization and the implementation of Article 45 of Law 21 of 2008 as amended. This report outlines recommendations for amendments to the laws in question as proposed by the participants of this workshop.

The report includes a matrix that summarizes specific recommendations and actions proposed by workshop participants respecting each law reviewed and discussed. The matrix presentation format is by name of legislation reviewed, article/paragraph addressed, and a statement of specific action(s) proposed to amend, cancel, repeal, rescind, or otherwise modify language of current legislation.



## Foundation of Democratic Governance

Decentralization activities in Iraq are currently limited to Provincial Governments and Provincial Councils. However, waiting in the shadows is the issue of further decentralization and devolution of functions and services to the Qada, and Nahiyas. This is a concept that is already familiar to Iraqi culture and society. Municipal and town councils, albeit most were appointed and administrative in nature, were around in the in the early days of the invasion.

At the appropriate time, the decentralization program and activities will need to include the third level of government: municipalities, towns, and villages in order to complete the ideal system of decentralization. This should be monitored and advanced as soon as practicable.

## ICIP Communications Plan

Effective strategic communication is the key to successfully implementing large-scale organizational initiatives. Communication is the glue that binds internal and external stakeholders to the vision, mission, goals, and activities of the project. Effective communication engages the hearts and minds of all stakeholders by facilitating movement along the continuum presented below.

In order to ensure that communication among key players is effective in this project, a formal Communication Plan should be a section in the formal ICP agreement. This section of the document:

- Identifies key stakeholders
- Lists what types of information are of most value to our stakeholders. Also identify optimum means of communication and agree on the format for information that is provided
- Establishes the purpose, timing, location and attendees for regular meetings
- States which communication vehicles will be used and whether any steps are required to put them in place

## A Stronger Effort Needed to Eradicate Corruption and Fraud

Iraq needs to adopt a more aggressive program with far-reaching anti-corruption measures and severe sanctions in order to combat corruption effectively. Such practices also need adoption and implementation at the provincial government level (and other subnational levels of government in the future). The GOI needs to adopt anti-corruption practices legislation covering both the public and private sectors. Additionally, it needs to establish an anti-corruption and other related offences commission, a Code of Conduct and attendant enforcement body, and a public complaints commission. The Police and other law enforcement agencies need authorization to enforce the law that is very broad in concept and coverage.

## Participatory and Accountable Government

Participatory governance focuses on deepening democratic engagement through the participation of citizens in the processes of governance with the state. The idea is that citizens should play roles that are more direct in public decision-making or at least engage more deeply with political issues. Government officials should also be responsive to this kind of engagement. In practice, participatory governance can supplement the roles of citizens as voters or as watchdogs through more direct forms of involvement.



All levels of government should support the establishment of mechanisms and programs that will ensure citizen participation in the planning and oversight of government programs, systems, and processes.

### **Governing Jointly and Democratically**

The low public opinion regarding government is indicative of much-needed reform. There is a general perception of significant institutional and human capacity weaknesses within the government as well as high levels of corruption. The GSP/TAQADUM program aims to mitigate the drivers of instability by facilitating development that is more equitable through stronger public policies and institutions, enhanced governance, and improved services delivery.

The GSP/TAQADUM program promotes a more representative, transparent, responsive, and reliable government that meets the needs of its most vulnerable citizens. The program also aims to strengthen government institutions, support reforms including decentralization, and improve the delivery of public services while encouraging more citizen participation in political processes. The enthusiastic support generated and highly committed project partner participation respecting government reforms and decentralization is clear evidence of GSP/Taqadum Project success. Accordingly, the project should maintain its current course by continuing to follow the established GSP/Taqadum project road map.

### **Conclusions**

The existing model of governance and public administration practices needs substantial overhauling in order to be capable of coping with the future challenges of decentralization and to achieve the preferable form of participatory local governance outlined in Law 21, as amended. The minimum requirements for successfully implementing decentralization in Iraq embrace the following:

1. There must be a clear division of functions, duties, and responsibilities provided to those selected to administer at both the national and provincial levels of government. These relationships should be determined through dialogue and negotiation and reflected in the law.
2. Autonomous subnational government should exist to manage affairs, functions, and activities designated as local duties and responsibilities as prescribed by law.
3. The people on whose behalf they exercise authority elect the political leadership of provincial governments.
4. Local Authorities must have full control over all resources required for conducting the business of the provincial government and in properly discharging the mandate of their positions.
5. Base the system of participatory local governance on an appropriate legal framework and incorporate provisions into the constitutional arrangements or by-laws of the provinces in order to safeguard against arbitrary actions at the central level of government.
6. A system of horizontal and vertical accountability and coordination to meet citizens' needs

## THE WAY FORWARD

The primary goal of ICIP is to enable the provinces make a smooth transition of ministry functions while improving the level of service delivery. The GSP/Taqadum project discussed how it intends to provide technical assistance and consulting services to the provinces in achieving this goal. Following are the issues and activities recommended for enhancing the intergovernmental coordination process framework in the future beyond the transitioning of functions to the Provinces:

- Establishment of Commission to Guarantee the Rights of Regions and Provinces
- Private Sector Development
- Strengthen Relationship between GO and the PC
- Changing the Legal Environment
- Functional Independence and Cooperation between Central and Provincial Governments
- Setting Environment Conducive to Development of Local Government in Iraq
  - Definition of Local Government
  - Principles of Good Governance
  - Participatory Governance
  - Local Governance Stabilization and Security
- Institutionalization of Continuous Services Delivery Strategic Planning
  - ESDO Activities Overview
- Empowering Local Communities
- Gender, Youth, Aged, Disabled
- Developing an ICIP
- Empowerment of Provinces: continued use of ESDO, DMAT, and GSP/Taqadum assistance
- Development and Institutionalization of a Strategic Planning mentality within Provinces
- Enhancement of Citizen Participation in the provincial planning process
- Establishment and institutionalization of intergovernmental networking and regional planning
- Continued Task Force meetings to review, discusses, and adoption of the SDIP Framework
- Develop SDIP action plans using the model recommended
- Project roll out with phased work plans (initial 90 days, 120 days, and beyond as appropriate)

## I. INTRODUCTION

Intergovernmental coordination and cooperation is an essential component in the successful implementation of any decentralization strategy. Intergovernmental coordination plans are the arrangements by which officials of two or more governmental jurisdictions communicate visions, goals, objectives, and coordinate plans, policies, and programs needed to address successfully matters of mutual interest. Agreements can be as simple as communicating and sharing information informally, or it can involve entering into formal agreements to consolidate and/or share resources such as equipment, buildings, staff, and revenue in pursuit of a common purpose. This document explores the potential for developing a framework for establishing a strong program of intergovernmental relationships as part of Iraq's decentralization program.

As used and discussed herein, the use of an intergovernmental coordination plan is limited to a singular plan based on an agreed approach and a corresponding agreement to adhere to the contents thereof during the process of transitioning to the devolved state prescribed by law.

### Background

A team of GSP/Taqadam consultants assessed the national and provincial relationships and determined needs related to the development of an integrated Intergovernmental Coordination Improvement Plan (ICIP). In so doing, the team worked closely with ministry and provincial government officials and staff. This report provides a summary of the Team's activities, findings, observations, and conclusions based on its survey and assessment of the selected provinces: Babil, Baghdad, Diwaniyah, Diyala, Kirkuk, Najaf, and Wassit. It also sets forth suggested program options based on the study results and outlines recommended next steps for action with the assistance of the GSP/Taqadam program. As appropriate, the report explores and identifies any existing or potential conflicts or issues among the participating governmental units and describes processes to resolve such conflicts, and generally improve intergovernmental coordination and cooperation.

The proposed approaches to improve provincial governance outlined herein are a synthesis of suggestions and methods based on study team's observations of provincial governance in the participating provinces, interviews with provincial government leaders and officials, and opinions of experienced local government professionals with Iraq and international experience. The suggestions and recommendations given herein are bold and aggressive. If adopted, they should transform provincial government dramatically from its current problematic condition to an autonomous and effective structure that will enhance the quality of community life by enabling provincial governments to deliver important public services more efficiently and effectively based upon demonstrated need and community preferences.

### Iraq Context: Readiness for Decentralization

Upon assuming office as Iraq's prime minister, Mr. Haider al-Abadi prioritized decentralization as a paramount theme in his platform. Al-Abadi indicated that he supports providing greater autonomy to provincial governments to ensure basic services are delivered across all sectors.

"We have to move away from governing from the center, which is Baghdad, and having to decide all the details for the different governorates – that's important for us," al-Abadi said in an interview on September 17 with The Associated Press. "We want to have a real federal state according to the constitution," by increasing provincial powers and involving them more in the central government is decision-making for the whole of Iraq. Prime Minister Al-Abadi's support gives decentralization efforts a solid boost.

In 2013, parliament revised the provincial powers act Law 21 of 2008 to disperse authority, but the changes were never implemented. However, decentralization also encounters obstacles between Baghdad and the

provinces regarding issues ranging from annual budgets, investment, security, sharing of resources and balance of powers.

## **USAID and Iraq Development Partnership Strategic Framework Agreement**

The Strategic Framework Agreement for a Relationship of Friendship and Cooperation between the United States and the Republic of Iraq guides the overall political, economic, cultural, and security ties with Iraq. This agreement by design intends to help the Iraqi people stand on their own and reinforces Iraqi sovereignty, while protecting U.S. interests in the Middle East. The SFA normalizes the U.S.-Iraqi relationship with strong economic, diplomatic, cultural, and security cooperation and serves as the foundation for a long-term bilateral relationship based on mutual goals.

The GSP/Taqadum project has worked successfully with Provincial government leaders in an effort to increase government responsiveness and accountability in delivering services to their respective citizens. GSP/Taqadum also provided a neutral foundation with settings for working through key issues among central and provincial stakeholders. GSP/Taqadum is widely seen as essential ingredient needed to ensure that this political process goes forward effectively. This effort will build upon the years of USAID support to local governance, decentralization, and actualization of the provincial powers act as previously endorsed in the Local Governance Programs I, II, and III and GSP/Taqadum.

## **Iraq Governance Strengthening Project-GSP/Taqadum Overview**

The following paragraphs present an overview of the Iraq Governance Strengthening Project - GSP/Taqadum. The Iraq Governance Strengthening Project (Taqadum) is a 5-year project funded by the U.S. Agency for International Development (USAID), with the main objective of improving governance performance at the national and sub-national level. The project objective is for the targeted provincial and local governments to become more responsive to community needs through institutional strengthening and executive oversight.

The Iraq Governance Strengthening Program (GSP/Taqadum) supports seven provinces: Babil, Baghdad, Diwaniyah, Najaf, Wasit, Kirkuk, and Diyala in preparing plans for administrative decentralization. The local directorates of Health, Education and Municipalities and Public Works collaborated with provincial leadership in addressing the most pressing question to emerge from the Provincial Powers Act: How should the government execute the prescribed transfer of authority?

The decentralization activities engaged ministry commitment through its directorates in an effort to determine which functions, roles, responsibilities, authorities, personnel, and budgets should remain at the federal level and those that will devolve to the Province level to improve service delivery. The project also supported coordination between provinces, provincial directorates, and targeted ministries (health, education, and municipalities and public works) allowing the process to continue beyond the performance period of the project. The GSP/Taqadum Decentralization Project helped entrench the practical principles of decentralization among the units of government assisted.

## **GSP/Taqadum Project Objective, Purpose, and Focus**

The project objective is to insure provincial government readiness to implement the “roadmap” for their assuming new functions, services, duties, and responsibilities as mandated under Law 21 and its several amendments. Another project objective is for the targeted provincial governments to be able to respond more effectively and efficiently to community needs through improved services delivery improvements plans (SDIPs).

The project purpose is to accomplish and report on the following activities:

- to identify core decentralization issues in Iraq related to GSP/Taqadum
- to document and analyze the “as is” situation in the three sectors (education, health, and municipalities and public works) in targeted provinces
- to identify/map functions at the provincial and central level in the three sectors
- to develop and apply the criteria to the functions recommended to be transferred to the provinces along with authority in order to ensure evidence based justification for the transfer

### **GSP/Taqadum Technical Approach**

#### **GSP/Taqadum Project Elements**

A brief description of the GSP/Taqadum key project elements appear in the paragraphs below. These elements represent the crucial steps taken respecting the attainment of the GSP/Taqadum project objectives:

- **Securing Participant Formative Buy-in**

Establishing buy-in (commitment, consensus, and unanimity in approach) among the ministries, directorates, and targeted provinces in successfully achieving the goals and objectives of the decentralization process was crucial. In order to build buy-in among the counterparts, the Team relied on its technical expertise and political insights to describe the data-supported plan for selecting units and functions for transfer. Initial meetings with Governors and Provincial Councils of the targeted provinces were successful and gained initial buy-in for the GSP/Taqadum approach.

Meeting results concluded with a formal, signed Implementation Letter of Agreement (ILA) between each governor and GSP/Taqadum. Following buy-in at the Governor level, GSP/Taqadum assisted in creating one decision-making Task Force and six sectoral subcommittees in each of the targeted provinces. Sectoral subcommittees covering health, education, water, sewer, municipality, municipalities, urban planning, and planning and follow up sectors were established and participated in, monitored, and reviewed activities in their respective subject matter areas. This arrangement insured a broad perspective in the review of project findings and recommendations.

Ministerial support also was essential to the success of the proposed activities. Therefore, the project secured buy-in of the Ministry of State for Governorates Affairs (MOSGA), which agreed to engage each of the three-targeted ministries. Through this partnership, the project sought ministry input and commitment regarding specific roles, responsibilities, authorities, personnel and budgets that should remain at the central government level and those that should devolve to the provincial level.

GSP/Taqadum completed and provided all the functional analysis to the ministries and provinces, and invited the ministries to participate in the development of DMATs. However, their responses were tepid due to several factors. The formation of a new national government in 2014, reliance on legal challenges submitted by the previous GOI on Law 21 as amended, and a general mindset favoring a centralized system were some of the factors for lack of interest in participating in the DMAT preparations. However, after the December 2014 Council of Ministers' (COM) Order to drop the legal challenges against Law 21 as amended, the ministries became more interested in the DMAT discussions. The project actively assisted the MOSGA in its facilitation among targeted ministries and provinces and other interested targeted ministries, such as MOMPW.

Supported by GSP/Taqadum, the MOMPW and MOE formed committees and completed all meetings with the provinces. Both ministries issued the final report but from all indications, the ministries and provinces agreed on the transferable functions, except for few items to be resolved at HCCP, using GSP/Taqadum results from the DMAT. However, the Ministry of Health is in the process of forming committees and meeting with provinces. Some of the ministries stopped forming committees as soon as Council of Ministers passed Order No. 62 on February 3, 2015, to stop the transferring processes until the Law 21 is further amended. However, provinces expressed their dissatisfaction with Order No. 62, with the Baghdad Provincial Council Chair leading the way by filing a protest in court objecting to the order as unconstitutional. Several other provinces sent letters of protest to the Prime Minister's Office with the similar objections. In March, the president of the Council of Representatives (COR) met in Najaf with the local government leaders and re-committed to continue the decentralization process as stated in Law 21 as amended.

The project supports the coordination and cooperation relationship between ministries and provinces, which established a framework for sustaining the process and relationship beyond the performance period of the GSP/Taqadum project.

- **Orientation and Training**

The Team conducted orientation and training workshops designed to inform counterparts of the details of the technical assistance and support planned under the GSP/Taqadum extended project. Additional national and provincial level trainings and workshops took place periodically that were designed to help new PC members prepare for the assumption of new roles and responsibilities required in response to the mandates outlined in the provisions of Law 21, as amended. GSP/Taqadum also produced and distributed guides, manuals, information briefs, and instructional materials designed to improve both institutional and individual capacities for performing government tasks and the delivery of essential services.

- **"As Is Analysis"**

GSP/Taqadum trained Sectoral Subcommittee members on how to gather information, evaluate data and information, and to develop a comprehensive understanding of the selected directorates or departments with respect to structure, processes, functions, responsibilities, and resources. The sectoral Task Force subcommittees gathered existing information on organizational structures, job assignments, reporting, and sectoral coordination arrangements for each of the selected ministries and their directorates.

- **Decentralization Mapping and Analysis Tool (DMAT) Process**

The DMAT is a tool used to collect information at the ministry, directorate, and provincial levels to determine the assignment of functional areas of responsibility, legal authority, and specific services and activities carried out. In addition, the tool maps functions and assists in determining whether functions are suitable for devolving to the provincial level. In performing the analysis of functions, thirteen basic factors are considered. DMAT sets forth a proposed strategy with specific actions, including a period for accomplishing tasks: immediate, short-term – within six months, and long-term (requiring change in law, or needs technical solution), and long-term (requiring change in law or needs technical solution). The section also lists inputs, outputs, and outcomes, as well as recommendations and additional comments providing clarification regarding implementation of recommendations.

The specific approach and methodology in conducting the DMAT exercise involves completing the following activities:

- ✓ Analysis of Functions and services
- ✓ Assignment of Functions and services

- ✓ Applying DMAT Results
- ✓ Drafting a report of Findings
- ✓ Making specific Recommendations for improvement

The results of the DMAT exercise are crucial to the development of an intergovernmental coordination plan, which outlines the process and agreement for transferring functions to the provinces.

- **Consensus Building Process**

Key officials from each of the Provinces (Governors, Deputy Governors, and Department Heads) engaged in ongoing consultations and discussions with their respective central ministries and other participating Provinces in achieving and maintaining consensus respecting the distribution of tasks and services currently performed at both the central and provincial levels. Simultaneously, key representatives from all Province Task Forces convened to share proposals and reach agreement on the decentralization of functions, tasks, and services and propose a timeframe for transferring functions to the provincial level. This harmonizing method facilitated the review and decision-making process of the HCCP when it convened.

Preliminary Coordination meetings of Task Forces with local and central government stakeholders occurred prior to the Task Forces presenting the consensus ICI plan to the HCCP.

Following the incorporation of suggestions and recommendations resulting from Task Force meetings and hearing comments from MOSGA and COMSEC, the Task Forces will adjust their individual provincial plans in conformance with the group consensus. After consensus plans agreement, the participating Provinces will actively participate in a National Consensus Workshop. At this workshop (planned for July 2015), each participating Province shall present their respective plan sharing their experiences, processes, and plan contents with the non-targeted Iraq Provinces and ministries. The aim of the National Consensus Building Workshop is the establishment of a unified voice regarding implementation of the decentralization program prior to implementation of final recommendations by HCCP and sharing methods, techniques, and results with other non-targeted directorates and ministries to replicate in their respective agencies.

Each Province's Task Force developed a set of guiding principles to inform its plan for administrative decentralization. Thereafter, each Province Task Force will provide answers to the following questions, using the systems, tools, and processes developed in conjunction with GSP/Taqadum:

- What functions, tasks, services, revenues, and competencies should devolve to the provinces and what is the timeline for completing administrative decentralization?
- What types of organizational, procedural and system reforms do the provinces need?
- How will Task Forces, sub-committees and directorates manage and integrate devolved functions into existing local administrative structures?

The underlying assumption of the GSP/Taqadum Project is that essential characteristics of decentralization reform in Iraq are necessary to achieve its decentralization goals. These are:

- Assign responsibilities for service delivery to lower-tier of governments and thus making them accountable to citizen
- Increased authority of provinces,
- Greater autonomy of provinces in terms of flexibility and control to perform devolved functions, duties, and responsibilities,



- Appropriate mechanisms for accountability, and
- Adequate capacity needed to undertake new tasks.

## Project End State

The Iraq Governance Strengthening Program (GSP/Taqadum), Contract Number: AID–267–C–I I–00006, Modification 09, page 12, sets forth the expected results of the activities carried out during the period July 1, 2014 to April 30, 2015. Specifically, modification 9 states:

“The contractor will work with the task force members to incorporate methods to ensure sustainability of applicability of processes. GSP/Taqadum will support a task force document and share their experiences and lessons learned with other provinces, to share interventions, templates, and tools with other ministries and subcommittees. The improvement plan will identify tasks, services, and competencies to devolve from the three ministries, a timeline for the devolution, and short and long-term improvements to service delivery. The improvement plan will define a local administrative structure to manage the devolved ministries and include a redistribution of authorities from ministerial to local governance, new procedures, and a reporting system...”

The tasks outlined in the project work plan, the mechanisms designed for monitoring, and evaluating activities resulted in the development of specific plans, tools, processes, instructional materials that prepared provincial partners to assume responsibility for the transfer of functions and services from the central government. Key results anticipated from project activities:

1. Refinement and application of the DMAT instrument for producing baseline data and information essential to the preparation of prioritized lists of functions for immediate, medium- and long-term devolution activities; and, the application of DMAT instrument to identify capacity gaps with recommendations for capacity building and improvement
2. Preparation of ICI and SDI plans (roadmaps) that include provisions for organization development improvements--tasks and activities necessary to accomplish the plans. The plans identify tasks, services, and competencies devolving from the targeted ministries, a timeline for the devolution, and short and long-term improvements to service delivery. The plans also define local administrative and financial structures to manage the devolved ministries functions and include a redistribution of authorities from ministerial to local governance, new procedures, and a reporting system. The plans also include identification of conflicting laws and regulations that are conflicting with the decentralization processes and developing solutions for enabling legal framework.
3. The accumulated materials and processes produced under this phase of the project are available in both electronic and hard copy format for use in replicating results in other provinces and other ministries that may devolve to the provinces.
4. Workshop series packages, “learning-by-doing” training modules, and other pertinent instructional materials will be available for orienting and training provincial government staff. In addition, the GSP/Taqadum Team has planned for the development and production in the future of plans, instructional materials, guideline manuals, and processes. These work products will be available for use in improving the knowledge and capacity of both current and future targeted Government of Iraq counterparts in order to prepare them for carrying out their respective roles and responsibilities in effecting the devolution of services from the central to provincial level.



*As of this writing, The GSP/TAQADUM Team has initiated the items listed above. At this point, there is clear evidence that the activities, materials, and processes undertaken by GSP/TAQADUM in conducting the project have been successful in creating serious commitment and establishing a high level of momentum toward effecting government restructuring and reforms related to decentralization of functions of the eight-targeted ministries.*

## **II. OVERVIEW OF DECENTRALIZATION IN IRAQ**

According to the International Monetary Fund, the overall global trend has been toward increasingly democratic and decentralized governmental systems. This section explores decentralization in Iraq.

### **Why Decentralization is Important**

Decentralization is important for a wide variety of reasons. First and foremost, the process of decentralization redistributes or disperses powers, authority, functional responsibility for services delivery, budgets, and assets away from a central government authority. It eliminates, moderates, or minimizes the central government's top-down decision-making processes and places these responsibilities at the lowest possible level where policy formulation, decision-making, and services delivery is more representative of the priorities and desires of the community. It disperses political action throughout the system rather than concentrating power and authority in one person or a single legislative body.

One of the characteristics of centralized government is that one body makes all the important decisions for the nation or state, provides all services, and carries-out other related duties and responsibilities. Some experts say a centralized system is best for smaller nations with small populations and not much territory to control. Examples of such nations are Singapore, Monaco, Nauru, and Liechtenstein...sometimes referred to as city/states. In contrast, a decentralized government is one that spreads policy development, decision-making, services delivery, and other duties and responsibilities to sub-national levels of government such as provinces, regions, and municipalities so that they make important decisions on the basis of local community desires, needs, and priorities. It fosters "grass roots" participation, improves knowledge and understanding of political process, enhances communication, and heightens transparency.

### **Status of Law 21: The Provincial Powers Act<sup>1</sup>**

Amendment No. 2, Law No. 19 of 2013, amends Law 21 the Provincial Powers Law of 2008, and requires the gradual transfer of administrative authority from eight ministries to Provinces within two years. Starting in May 2014, GSP/TAQADUM began preparation plans for implementing decentralization activities in seven of Iraq's 15 provinces to prepare a consensus plan for the administrative decentralization and improvement of services in three of the eight named ministries. The plan for administrative decentralization of the target ministries goes to the High Commission for Coordination among the Provinces (HCCP), when called for by the Prime Minister..."

It is interesting to note that the "sunset clause" in the legislation, Law 21, Article 45, automatically devolves the functions, staff and funding of the eight service ministries if the transfer of functions failed to occur by August 5, 2015. Previous GOI has challenged the law in the court and caused slowdown in ministries responses to decentralization. .

Some have suggested that these dramatic changes were acceded to even by sceptics as an alternative to the creation of federal regions. The question is, "What is the point in arguing about the creation of federal regions when this law effectively transforms Iraq into a confederation consisting of all its Provinces plus the virtually independent Kurdistan?" Is it perhaps just the word "federalism" they fear more than anything else does? Do Iraqi politicians realize the implications of giving Province decisions priority in areas of shared competency? It is for example very hard to see any exemption of the oil and gas sector from the general

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<sup>1</sup> Source: <http://gulfanalysis.wordpress.com/2013/06/27/provincial-powers-law-revisions-elections-results-for-anbar-and-nineveh-is-iraq-headed-for-complete-disintegration/>

scheme of provincial dominance, since energy is specifically referred to in the new law through a reference to article 112 of the Iraqi constitution...”

The two-year automatic sunset clause for the transfer of service ministries to local control epitomizes the decentralization extremism of the latest amendments. One small potential hindrance remains – the federal Supreme Court. Technically, the law is a “proposal” emanating from parliament rather than a “project” driven forward by the government, and the Supreme Court has in the past struck down attempts by the legislature to circumvent the executive in the legislative process. Indeed, in 2010, the Supreme Court veto related to a far more modest decentralization attempt to sever the ties between a couple of service ministries and the Provinces. However, in April 2015, the Federal Supreme Court decided to grant the Council of Representatives the right to propose draft laws for enactment, except on issues related to finance, judiciary legislations, and legislations conflicting with the government program.

Further information regarding specific changes to Law 21 proposed or recommended by the Provincial Task Forces appears as Annex C, Legal Environment Report.

### **Central Government and Decentralization: Political Overview**

There is a large contingency in the central bureaucracy that generally believes and subscribes to the position that all, or at least nearly all, decisions should be those of the Central government and that it [the central government] better manages functions from Baghdad. The belief held by some politicians is that a more centralized system of government is better able to maintain unity and solidarity in Iraq.

Some central government officials hold the belief that provincial government executives, council members, and employees are generally not qualified or sufficiently trained to carry out the functions and perform the duties, roles, and responsibilities needed to accomplish the work of local government.

A legalistic approach to administration and government operations that emphasizes laws, rules, and regulations, thus often ignoring the importance of problem solving that requires citizen input; management and organizational processes that emphasize open dialogue; creative conflict management; thoughtful compromise; and some risk taking among competing interests. Ironically, this group has failed to carry out its legal responsibilities and mandates under the law. In essence, they are putting themselves above the law.

Fortunately, these attitudes, beliefs, and opinions of central government politicians is offset by strong leadership and support at the Prime Minister level. As mentioned earlier in this report, the Prime Minister has voiced publicly his support to move forward immediately with the provisions of Law 21, as amended regarding decentralization.

### **Central Government Decentralization Practices**

Based on the political context of Iraq and global principles and good practices of decentralization, the Team suggested criteria for decentralizing functions in the targeted provinces. The application of these criteria makes a strong, evidence-based case for the transfer of functions.

Each function considered filters through each part of the criteria. The assumptions of the exercise were: (1) the decision about the transfer of a particular function is a part of the decision by the central political authority/ministry to transfer the function; and, (2) the decentralization implementation plan should include mechanisms for transferring authority to provincial political leaders and government officials.

Specific recommendations are under review by the Provincial Task Forces. The assembly of Provincial Task Forces will agree on final recommendations for transfer of functions to the provinces at the upcoming National Consensus Building Workshop planned for June-July 2015.

## **Current and Future Role of Ministries, Directorates, and Provinces**

The paragraphs that follow discuss the current and future roles of the ministries, directorates, and provinces.

### **New Roles and Responsibilities for Ministries Affected by Decentralization**

The current role of the Ministries regarding administrative and operational governance is an all-encompassing responsibility for policy formulation, services delivery, budgeting, training, as well as other related activities and programs associated with the national mandates for their respective sectors. Under a decentralized government, the new role of the service ministries devolved to the provincial level might include the following functions:

- As the national lead agency and authority on sectoral policies provide sectoral plans, programs, and statistics
- Monitor and evaluate sectoral policies, plans, and programs
- Administrator of the national sectoral development funds for special programs
- Advocate for sectoral issues and concerns
- Lead in Policy/Plan Formulation
- Establishing services performance standards to a measurable level of expected services delivery. National programs and projects to realize national policies
- Determining the planning process to be followed by sub-central government
- Monitoring the performance of directorates in delivering the services for which they have been given the responsibility
- Evaluation of National Policy and programs
- Capacity Building for all levels of local government
- Policy for Local Government Funding/Revenue sharing
- Fiscal rules and regulations for local government
- Laws and implementing regulations for all aspects of national policy

The affected Ministries should envision a fully participative process of policy development and plan formulation. To operationalize this, it should establish a mechanism for an inter-active and participatory policy process. To complement this, the ministries should clearly define organizational structures to initiate, guide, and sustain the national planning and policy process for all sectors within the respective Ministries.

### **Current and Future Role of Directorates**

Currently, the directorates are responsible for services delivery under the direction of their respective ministries with oversight by the governor's offices in the provinces. The Ministries determine the kinds and levels of services reportedly with little or no input from the provinces. Community and citizen's desires and priorities, as a rule, are reportedly not a part of the service delivery system decision-making process

under the current centralized system. Decentralization will bring the service delivery system decisions closer to recipients and make the process more inclusive.

Under the provisions of Law 21, the Directorates of the targeted ministries would transfer in total including budgets and staff. Directorates would continue to perform as services provider as members of the provincial government. This would open the door to citizen participation in program design, setting priorities, and community oversight. Decentralization will bring the services delivery processes closer to its recipients.

### **Roles and Responsibilities of Provinces**

Initially, the provinces might assume the following roles listed below, which are complementary to those roles suggested above for the central ministries. The suggested roles and responsibilities for Provinces include the following:

- Strategic Planning for the Province, a vision of the Province consistent with the agreed national and regional development strategies, including a structure plan for major land uses, population and employment targets for different parts of Province, location of major infrastructure projects, sector strategies for health, education, water and sewage, housing, agriculture, tourism, etc., consistent with national policy.
- Coordination of local programs or projects, to ensure they are consistent with the overall Province Strategy and with each other.
- Planning and implementation of programs/projects that serve provincial population or will have an impact on the population of more than one local administration, such as drinking water distribution, drainage, irrigation extension projects, final disposal or recycling plants for solid waste that serves or impacts the province.
- Monitoring the provision of services that are the responsibility of the Province and provide data on the level of services as required by law to the central government
- Approval of development plans/projects that have environmental, social, or economic impact on the province
- Act as the arbitrator in planning appeals made by proposers of, or objectors to, planning and development proposals
- Arbitration of disputes, including conflicts arising from conflicting major land use development programs.
- Monitor government programs undertaken in the Province and reporting to National Ministry responsible on the progress and performance of the project
- Evaluation of impact of Government Programs and projects on the Province, or provide assistance to those contracted to undertake the evaluation.
- Input to policy formation and national program plans, including analyzing and compiling the problems and priorities of the Provincial Council
- Develop and approve a range of taxes on locally generated income and fees or charges for local services provided by Province that is consistent with the law and with the overall development strategy for the Province

These roles and responsibilities are likely to change in the future as laws, “circumstances, and events” might dictate, and local capacities increase.

## Provincial Government Snapshot

A First National Governor's Conference on Developing a Road Map for the Implementation took place January 12 and 13, 2014 in Baghdad. Conferees modified and adopted the USAID-funded GSP/Taqadum Road Map to Decentralization for Implementation of Law 21, as Amended. The consensus plan—Road Map--adopted outlined the initial steps for carrying out decentralization activities. The Road Map recommended that the process begin by doing the following:

1. Call the HCCP to convene and establish Province task forces in each of the participating provinces
2. Develop and implement an action plan based on a comprehensive review of Directorates, with Recommendations on Legal and Regulatory Reform and Funding for Transferred Investment Allocations.
3. Build consensus among stakeholders (center and local)
4. Establish a transitional coordination process that engages the MOSGA.

Activity 2 above called for the preparation of a tool kit for the collection of data and information on each of the Directorates, to collect the “as-is” information, and present the information to the Province Task Forces for review and deliberation. Specifically, the Task Forces were responsible for the identification of opportunities for improvement, reaching agreement on roles, authorities, and competencies; personnel and budgets; and organization structures of organizational units for transfer to the Provinces.

In following the decentralization activities road map, participating provinces engaged ministry commitment through its directorates in an effort to determine which roles, responsibilities, authorities, personnel, and budgets should remain with ministries and those that should devolve to the Provinces. The project also supports the coordination and cooperation between Provinces and ministry directorates in the provinces, which allows the process to continue beyond the performance period of the project. The GSP/Taqadum Decentralization Project continues to help establish the practical principles associated with the decentralization process in Iraq.

The underlying assumption of the GSP/Taqadum Program is that in order to achieve successful decentralization reform in Iraq the following changes are necessary:

- Increased authority to the provinces,
- Greater autonomy of provinces in terms of flexibility and control to perform devolved functions, duties, and responsibilities,
- Appropriate mechanisms for accountability, and
- Adequate capacity needed to undertake new tasks.
- A highly centralized planning, budgeting and administration system that severely limits the roles of Governor's Office and Provincial Councils in development planning and management and service delivery
- Conflicting laws and regulations lead to confusion at operational level

- Mismanagement of resources occurs due to lack of clarity of roles and responsibilities, policy overlaps and ineffective coordination
- Limited harmony between planning and budgeting processes
- Two parallel hierarchy systems, one led by ministries and the other by the GO
- No clear planning and budgeting process at the provincial level
- Weak coordination between projects implemented through the investment budget
- Weak monitoring and control system which lead to the lack of transparency and accountability
- Weak operational links between GO and directorates
- Limited human resource capacity, especially in the GO, that need to be strengthened
- Urgent need to transfer functions from ministries to the province, especially GO, based on a set of criteria, and universally recognized principles of decentralization.

### General Situation of Provincial Governments in Iraq

In 2013, Iraq's parliament adopted the second amendment to Law 21 (Law 19, 2013) in order to expedite the transfer authority and functions to the provinces. However, the changes to Law 21 were not implemented. In addition, decentralization efforts encounter obstacles from issues ranging from annual budgets, investment planning, security, sharing of resources, and balance of powers. There are great, seemingly insurmountable, tasks and challenges confronting the GOI central and provincial leaders respecting the implementation of the decentralization provisions of the amended Law 21. Given the nearly four decades of highly centralized government systems, it will be difficult at best to establish decentralized local government units that are well coordinated and operationally effective and efficient. Optimization of such systems will take time, especially given the lack of a locally trained workforce, ingrained centralized governmental systems, political resistance to change—particularly at the central government level, and a threatening, hostile security environment.

Upon assuming office as Iraq's prime minister, Mr. Haider al-Abadi prioritized decentralization as a paramount theme in his platform. Al-Abadi indicated that he supports providing greater autonomy to provincial governments to ensure the delivery of basic services to citizens from across all sectors.

"We have to move away from governing from the center, which is Baghdad, and having to decide all the details for the different Provinces – that's important for us," al-Abadi said in an interview on September 17 with The Associated Press. "We want to have a real federal state according to the constitution," by increasing provincial power and involving them more in the central government is decision-making for the whole of Iraq. Prime Minister al-Abadi's public support of dispersing decision-making authority and powers to the provinces provides Iraq's decentralization efforts with a solid political boost.

Fortunately, the crucial important prerequisites of leadership and vision are in place at the Prime Minister level, in a number of ministries, in the selected provinces, and a process under the Iraq GSP/ Taqadum project has begun to prepare provinces, the Governor's Offices, and Provincial Councils, to assume the impending transfer of functions from the eight line Ministries. The Prime Minister has proven to be a strong proponent of the immediate devolution of functions to the provinces. Provincial leadership is hopeful that the sub-national system planned for implementation will provide for a greater degree of local empowerment, autonomy, and will ultimately result in improved governance and service delivery.

Growing community and citizen dissatisfaction and high level of frustration with government's performance brought about by having to deal with a bloated and highly centralized system, and from what they perceive

to be a corrupt bureaucracy that provides substandard service delivery, poor security, and ineffective government responsiveness. In order for decentralization to succeed, citizens must see tangible, visible improvement in government performance in service delivery.

Regardless of the challenges and difficulties confronting the question of decentralization, it appears that there is an opportunity at this time to devolve functions to the provincial level successfully. With the demonstration of “political will” at the highest level of government and willingness at the provincial level, whatever resistance exists can be overcome. The only question is whether the provinces have the capacity to handle the transfer of functions, a subject treated in detail later in this report.

Given the absence of several of the elements of the GSP/Taqadum program needed to guarantee program success, the GSP/TAQADUM Team feels that the selected provincial governments assessed are possibly not adequately prepared to accept fully and successfully handle the responsibilities of the impending devolution of functions and services responsibilities to them. Pre-devolution training, ongoing capacity building program, technical assistance could provide the minimum basic skills and support to make implementation a success.

### **Potential Impact of Decentralization**

Given the demonstrated commitment, support, and level of participation, the potential for the Iraq GSP/Taqadum project interventions having an impact on the development of provincial government look very good at this time, except for current hostilities and uncertain security within Iraq. The many accomplishments the project has achieved to date and the expanded interest and voluntary participation of provinces not selected for participation speaks volumes about the impact already experienced and supports the belief that favorable impact is also likely in the future.

## **III. INTERGOVERNMENTAL COORDINATION PLAN (ICP) DEVELOPMENT**

Implementation of a legal and institutional framework for effecting intergovernmental coordination improvement plans is essential to achieving program success. The ICI plan and attendant legal framework should include sections covering agreements on financial and administration organizational structures and relations in the provinces to support and sustain the transferred functions. This section discusses the form and content of the ICI plan.

### **Intergovernmental Coordination and Cooperation Defined**

Many view decentralization as merely an extension of delegation. When functions, responsibilities, labor, and work activities are assigned to others, it is known as delegation. Decentralization extends this delegation to the lowest level of the organization along with the commensurate power, decision-making authority, funding, and physical assets to complete the mission of the functions transferred.

Decentralization is the process of systematically transferring functions to the lowest levels of government, except for those functions and activities that only the central level of government provides. The process divides a group of functions and activities into relatively autonomous units and grants overall authority and responsibility for their operation. It also represents assigning specific duties, responsibilities, and work to the various organizational units, executives, and managerial staff. Accordingly, the process of decentralization lowers the level of decision-making authority to the lower levels of government organization.

The degree of decentralization is commensurate with determined by the authority given. The degree of decentralization authorized is dependent on the level of trust, control, and oversight necessary in vesting full responsibility or limited decision-making authority and autonomous action at a lower level of government. The degree of decentralization is determined by the nature of the authority delegated, the



level to which it is delegated, and surety of the recipient to carry out the functional duties and responsibilities.

Some examples of the advantages and disadvantages decentralization appear in Annex A.

### **Challenges Confronting GSP/TAQADUM Project Assisting GOI Implement Decentralization Mandates**

The main challenges that may hinder or impede the GSP/Taqadum project in the future from effectively assisting the GOI in implementing its decentralization mandates and improvement of service delivery include:

1. The central government's domination in Iraq has a long history and it is firmly entrenched in Iraq's government systems. It will be difficult to break these established behaviors and they may prove to be a distraction, if not a hindrance in achieving desired decentralization goals and objectives.
2. Limited financial resources and absence of means for revenue collection and revenue generation is a significant challenge
3. A generally marginal security situation and continuing threats and hostilities could disrupt project activities in the future.
4. Political influence and interference in decision-making regarding project initiatives: design, selection, and staffing
5. Strained Ministry/Provincial communication, coordination, and cooperation may result in obstacles
6. Inadequate government funding, resolution of issues regarding ministries non-restoration of uncommitted funds for crucial projects, Poor implementation of financial systems which already exist and properly trained accounting staff
7. Absence of adequate planning; No existing comprehensive, long-term master development plans
8. Human Resources Management Issues: An ineffective human resources management system; lack of properly trained and experienced administrative employees, shortage of technical and specialized staff; absence of job description for most jobs; and, the exertion of political interference in the recruitment and transfer of employees
9. Inadequate facilities, infrastructure, vehicles, and equipment (i.e., some buildings are near to collapse, are in dire need of repairs and renovation, or need to be constructed)
10. Lack of Provincial Council Training: Provincial Councils need training to prepare council members to assume new duties and responsibilities. Training should be relevant to the specific needs and desires of Council members
11. Lack of Transparency: Participatory and transparent governance that focuses on deepening democratic engagement through the participation of and effective communication with citizens in the processes of governance
12. Lack of Community Participation: There is little evidence, if any, that community and/or citizens groups participate in provincial government decision-making processes. Citizen's



participation is vital to improving governance, especially the delivery of services and citizens satisfaction.

### Decentralization Mapping and Analysis Tool (DMAT) Process

The DMAT is a tool used to collect information at the ministry, directorate, and provincial levels to determine the assignment of functional areas of responsibility, legal authority, and specific services and activities carried out. In addition, the tool maps functions and assists in determining whether functions are suitable for devolving to the provincial level through two main criteria, 1) if this function related to national policy or priority, and 2) if this function related with national standards. Functions considered appropriate candidates for transfer as local functions, undergo analysis through using the thirteen basic criteria. Examples of the factors considered during the DMAT analysis appear as Table I--DMAT Functional Analysis Factors.

<b>Table I—DMAT Functional Analysis Factors</b>	
<b>Factor</b>	<b>Description of Analytical Issues</b>
1. Structure	Are existing structures adequate or in need of modification? Are new units necessary to undertake new responsibilities? State needs.
2. Staffing	Is there enough capable staff to handle new responsibilities? Is additional staff needed? State staff required (number, specialty areas, and skills needed)
3. Laws, regulations, and Instructions	Are changes needed in the law, regulation, or instructions? Cite the type of legal action needed to reassign the function.
4. Authorities	Is there a need to establish new authorities (administrative, legal, financial, technical, or other) or modify the existing? Cite the new or existing authorities.
5. Facilities& Equipment	Are new facilities, equipment, or modification of current ones needed? Cite them.
6. Financial Resources	Is there a need for additional fund to perform this function? Explain the reason for this need.
7. Revenue Generation	Is there an opportunity for the transferred service being supported by user fees? Explain how
8. Expenditure Assignment	Is there adequate accounting categorization to support transfer of this function? Please clarify
9. Financial Control	Is there any authority for financial resource control needed in performing this function?
10. Service Improvements	Is there any likelihood that this service will improve when transferred? If yes, clarify.
11. Citizen, involvement and monitoring	Is there a mechanism for engaging citizens in performing and monitoring this function? Is there any need to establish new mechanism? What is the mechanism in either case?
12. Accountability	What mechanism is in place or needed to be established for oversight and monitoring?
13. Coordination	What level of coordination is necessary at national and local levels after transfer? Where should the responsibility be placed and with whom?
Are there any special circumstances working for or against this action? Describe/Clarify each.	

The final section of the DMAT sets forth a proposed strategy with specific actions, including a period for accomplishing it: immediate, short-term – within six months, and long-term (requiring change in law, or needs technical solution). The section also includes key success indicators and inputs, outputs, and outcomes. Another section provides recommendations and additional comments providing clarification regarding implementation of recommendations.

## DMAT Process Status and Results

GSP/Taqadum continues to hold meetings with subcommittees of targeted directorates to introduce the Project's Decentralization Mapping and Analysis Tool (DMAT) and review each directorate's list of functions.

In Baghdad, GSP/Taqadum staff explained the DMAT to the subcommittees of the directorates of Education of Karkh, Health of Risafa, Municipalities, as well as the Governor's Office. Participants engaged in an exercise on how to use the DMAT template.

GSP/Taqadum conducted training on how to use the DMAT form to members from Wasit PC and the subcommittees of Education, Health, Urban Planning, Municipalities, and Sewage Directorates. Participants provided feedback in order to revise and improve a few points in the DMAT form. In Babil, Diwaniyah, and Najaf, GSP/Taqadum staff trained targeted subcommittees on how to fill out the DMAT forms and engaged participants in a practical exercise to map and analyze the selected functions.

GSP/Taqadum organized a three-day training workshop (September 6-8, 2014) in Erbil with the aim of reviewing the draft DMAT and preparing the project staff members to apply DMAT during a meeting of provincial sector subcommittees.

The first day of the workshop was for the staff to learn about the design and application of the tool. On the second day, the workshop welcomed eight officials representing the Provincial Governments of Baghdad, Diwaniya and Najaf, as well as the USAID –GSP/Taqadum COR, Mr. Abdul Kareem Kassim. Participants assembled into groups and provided the tools and functions to apply the instrument and note comments. On the last day, GSP/ Taqadum staff members revised the DMAT and discussed the next steps to implement DMAT specifically regarding timing and approach.

Another major DMAT-related activity was the workshop at Erbil's Rotana Hotel September 28- 30, focusing on the transfer of functions from Ministries of Education, Health, and Municipalities and public Works to local governments per Article 45 of Law 21. This workshop was the beginning of the third major phase of the project: Analysis of Functions Using the DMAT. More than 100 participants, including key officials from the national and provincial governments, US Consul General/Erbil, and representatives of targeted directorates in Baghdad and Wasit, attended the first day of GSP/Taqadum's Decentralization Workshop. It consisted of three concurrent workshops for the sector sub-committees (Education, Health, and Municipalities and Public Works) in all targeted provinces attended (Baghdad, Wasit). The three-day workshop attracted significant media interest, as more than 35 news agencies attended the event. The participants list included:

- US Consul General/Erbil,
- Representative of the Council of Representatives (COR),
- Chair head of the COR's Committee for Governorates Affairs,
- Representative of the Second Iraq Vice President,
- Representative of the Head of the Islamic Supreme Council of Iraq (ISCI),
- COR members,
- Advisors from Prime Minister Advisory Council (PMAC),
- Deputy Governors,
- PC Members,
- Deputy of the Secretary General of the Council of Ministers (COMSEC),
- Representatives of the Ministry of Education,

- Representatives of the subcommittees of the Directorate of Health, Education,
- Representatives from the provinces of Baghdad and Wasit, USAID COR of GSP/Taqadum, and
- USAID Regional representative

The goal of the workshop was to identify and list decentralization-related functions, assign functions to the appropriate level of government, perform legal, structural, administrative, and financial analysis of functions, and determine the appropriate mechanism for accountability and oversight in performing the function at the provincial level. Over the course of the three-day workshop, participants were engaged in discussing and reviewing the lists of ministerial functions to identify which of the functions should be transferred to the local level and which should remain at the national level.

The workshop recommendations included the establishment of four categories for functions – immediate transfer, transfer within six months, transfer after a year, and remain at the national level. Restructuring the governor and ministerial directorates in a manner that is consistent with the transfer of functions, each targeted province continued to work on additional functions not discussed in the Erbil workshop. Citizen Participation criteria was also advised to be reviewed again and included in the essential and appropriate functions.

The specific approach and methodology in conducting the DMAT exercise involves completing the following activities:

- Analysis of Functions and services
- Assignment of Functions and services
- Applying DMAT Results
- Drafting a report of Findings
- Making specific Recommendations for improvement

The results of the DMAT exercise are crucial to the development of an intergovernmental coordination plan, which outlines the process and agreement for transferring functions to the provinces.

### Combined DMAT Reports

Each of the seven-targeted provinces completed the DMAT process for the Ministries of Education, Health, and Municipalities and Public Works Directorates. The resulting DMATs for the three Ministries in each of the targeted Provinces comprise at least 50-55 pages, except for the Ministry of Municipalities and Public Works, which included five functional areas for review. For this one ministry, approximately 200-250 pages of data resulted. When added to the DMAT results from the other two ministries, the total number exceeds over 300 pages. The enormity of the data assembled required a first level analysis with the objective of consolidating results into a single combined DMAT document for each functional area analyzed. Such an exercise resulted in the preparation of combined DMATS for the three-targeted ministries. The results reported in this section are a synthesization, or possibly more appropriately put, a distillation of the data gleaned from the combined DMATs.

The DMAT includes an element titled Functions Mapping. This is one of the key results expected from the DMAT. This element reviews selected functions in terms of “governing determinants” such as setting national policy or priorities and requirements for establishing standards to be applied at the national level. These determinants have an impact on whether or not to keep functions at the federal government level. This element also identifies the appropriate local authority to which responsibilities and authorities shall transfer, i.e., Governor’s Office or Provincial Council.

A summary of the DMAT functions mapping results appears in the table below:

Table 2 Summary of Functions Analysis of Ministries				
Item	Education	Health	Municipalities Public Works	Totals
Total Functions Assigned Ministry	201	77	358	636
Functions currently handled by Provinces	120	22	102	244
Total functions analyzed	81	57	256	394
Total functions to transfer	41	32	218	291
Total functions retained by Ministry	40	25	38	103

GSP/Taqadum project has generated a significant number of materials through hands-on workshops, comprehensive manuals and guides, and delivering a substantial amount of training. A DVD attached to the back of the report provides a collection of documents representing work products delivered during this phase of the project. The subject DVD appears as Attachment D.

### Observations, Findings, and Conclusions -- ICI Plan

The ICI plan analyzed 394 total functions in the targeted health, education, and municipality sectors (57 functions in health sector, 81 functions in education sector, and 256 functions in municipality sector). GSP/Taqadum worked with each sector in each province through provincial sectoral subcommittees to identify functions, develop analysis and assignment criteria, review the functions, and analyze them, and assign them to the appropriate level of government (central or provincial levels). Based on the detailed policy, technical, financial, legal, administration, and organizational capacity analyses, it was determined that 103 functions can remain central functions (25 in health, 40 in education, and 38 in municipality) and 291 functions can be transferred gradually to the provincial level (32 in health, 41 in education, and 218 in municipality). Of the 291 functions that can be transferred to the provincial level, 78 percent can be transferred immediately and 22 percent within a period of a year after deconflicting laws and regulations. However, most of the 22 percent can also be transferred immediately if they were delegated provisionally until laws and regulations are amended.

In addition to legal analysis, the ICI plan also includes financial and administrative organizational structures and relations in the provinces to support and sustain the transferred functions. The Ministry of Municipalities and Public Works (MOMPW) directorates in the provinces consist of six separate directorates (municipality – city center, municipalities – Qadas and Nahiyas, water, sewer, planning, and follow up). To best integrate, coordinate, and improve the management of these services, GSP/Taqadum recommends consolidating them into one provincial general directorate similar to those in the Education and the Health Ministries. Also, to function as a provincial entity outside the ministry, the education and the proposed municipality general directorates must acquire status as legal entities similar to the health directorate.

To achieve an integrated plan that effectively coordinates its implementation, GSP/Taqadum recommends consolidating articles and sections into a single, legally binding document that takes into consideration the importance of those items following in terms of their significance regarding program success:

### Organization Structure of Governors' Office after Transfer of Functions

After a series of meetings and workshops held with representatives of the targeted seven provinces from human resources departments of governor's offices, provincial directorates and formations involved in Article 45 of Law 21 of 2008 as amended, the organizational structure developed by GSP/Taqadum has been adopted taking into consideration the comparative advantages of each province. At the current time, these provinces work in coordination with the Higher Committee for Administrative Reform established by Council of Ministers' Secretariat to finalize the unified organizational chart of Iraqi provinces towards implementation of Article 45 of Law 21 of 2008 as amended.

## Procedural Steps Taken in Reaching Consensus

GSP/Taqadum Project worked in coordination with the targeted seven provinces to develop a model that modifies the organizational structure of the Governor's Office after application of decentralization. The Project held a series of meetings and workshops at local and provincial levels, discussed all items and received feedback from officials in provincial governments, sectorial directorates and affiliated formations to ensure provincial participation in development of the proposed model. Consequently, the final version of the proposed model has been prepared as follows

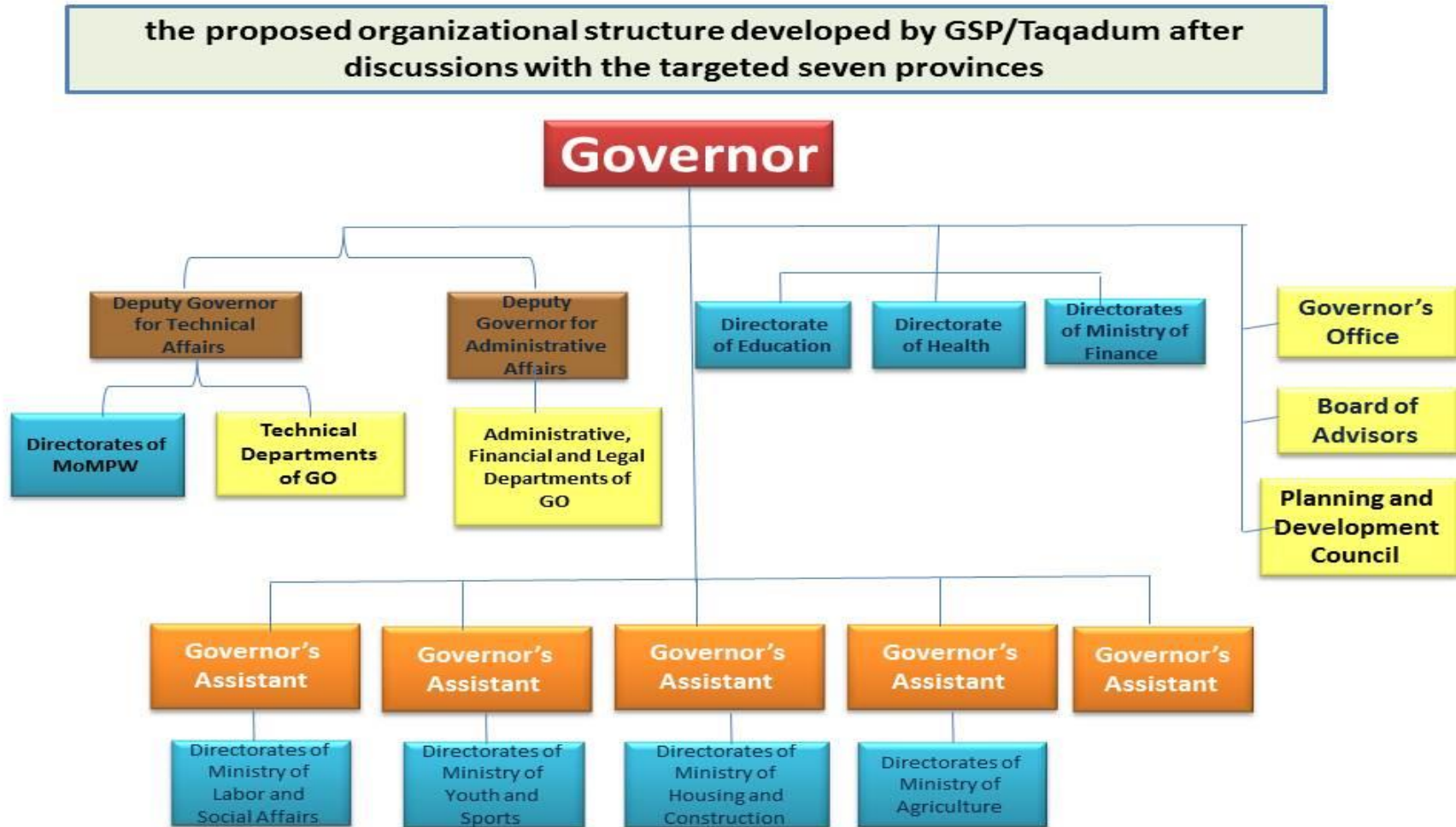
## Results

As a result of the National Organizational Development Workshop organized by GSP/Taqadum in Baghdad with attendance of officials from the targeted seven provinces representing managers of human resources departments, Governor's Office, Directorates of Municipality, Municipalities, Health, Education, Water, Sewer, legal assistants to the governor, administrative assistants to the governor and managers of legal departments of governor's office and after presentation of all the organizational structures proposed by provincial governments, the participants discussed and commented on all the structures and arrived at an official consensus over the need to utilize the second day of the national workshop to develop a unified organizational structure. Accordingly, the unified structure developed for submission to the Higher Committee for Preparation of Organizational Structures headed by Dr. Kadhim Allqabi--who presented the opening remarks at the first day of the workshop--recommended that the organization structure reflecting the opinions of involved provinces, go forward for approval.

In February 2015, a summary report was prepared outlining workshops results with specific recommendations for a model organizational structure proposed for the reorganization of governors' offices. Even though there was unanimity in the selection of the proposed organization model, each province has the option of making modifications it feels is suitable for its jurisdiction. A complete copy of the subject report appears as Annex D, Organization Structure of Governors Offices after Transfer of Functions.

Following is an "unabridged" copy of the model organizational structure adopted by the targeted seven provinces for use after Provinces transition to their devolved state.

Figure I Consensus Organizational Structure<sup>2</sup>



<sup>2</sup> See pages 5-10, Annex \_ for full details of the specific duties and responsibilities of each organizational unit.



## Anticipated Benefits of the Model Organization Structure

The rationale and basis for the adoption of the proposed organization model is the perception that the benefits outlined below will accrue from using the model. Specifically, the GOs will benefit from model because it:

1. Connects directorates general in direct manner to the governor to avoid any dispute between authorities since directors general who assume positions that are the same level as of deputy governors head these directorates
2. Connects deputy governors with governors according to Article 33 First of Law 21 of 2008 as amended which stated that the governor may have a number of deputies for administrative and technical affairs provided they do not exceed five persons who shall undertake activities assigned to them by the governor and who shall act under his supervision. According to the law, the deputies must connect to the governor in an exclusive manner.
3. Develops a group of deputies in the near future with specialty in specific areas leading to improved service delivery at an exponential rate
4. Allows the governor, elected deputies and, in case of devolution of technical authorities, DGs and deputies who shall head formations to assume supervisory role and develop the vision of the province
5. Connects the technical deputy of the governor currently administers and supervises Directorates of Water, Sewer, Municipality and Municipalities affiliated to Ministry of Municipalities and Public Works and thus these formations shall be connected to the technical deputy

## Financial Authority and Control

The USAID Governance Strengthening Project-GSP/Taqadum continues to assist targeted provinces with administratively decentralizing service delivery provided by the ministries of Health, Education and Municipalities and Public Works. Specifically, it provides advice and recommendations on the transfer of fiscal authority from the central government level to the provincial level. To this end, the GSP/Taqadum prepared a report on financial authority and control pursuant to Law 21, as amended, and specifically Articles 44 and 45.

The financial authority and control report constructed on several critical assumptions form the basis of any consideration of change in organization in financial controls during the transition phase. The critical assumptions include the following:

- *Incrementalism.* The change process towards acceptance and implementation of any recommendation will take time and should be taken in small steps to both reduce resistance and increase learning efficiency. But it must be pursued with vigor and a relentless focus on proper and strong financial and control systems, even if there are weaknesses in those systems;
- *Continuous Improvement.* Organization order elements of stability, continuity, coherence, and consistency in systems and structures are necessary conditions to improvement, especially in the highly complex and difficult change environment of decentralization and fiscal devolution.
- *Fiduciary Responsibility.* To combat corruption and ensure impact, any fiscal devolution effort must have at its core the elements of as sound and effective fiscal management system as possible;

- *Strong Systems.* By consolidating and strengthening budget, financial, and management control systems, Iraq can institutionalize the below recommendations, a key step toward continuous improvement.
- *Compliance.* Any fiscal decentralization effort must comply with the law. In this case Iraq's Law 21 on decentralization, which calls on provincial government to "issue local laws, instructions, bylaws, and regulations to organize [its] administrative and financial affairs so that it can conduct its affairs based upon the principle of administrative decentralization in a manner that does not contradict the provisions of the Constitution and federal laws."
- *Human Resources.* Provincial governments must ensure a highly competent and disciplined workforce to manage the systems, structures, and processes of a decentralized fiscal management system.

The financial authority and control report recommended:

- A model for local revenue generation, collection, and management;
- An approach for the Ministry of Municipalities and Public Works to recover service costs;
- A new role as well as a functional and relations matrix among provincial treasury directorates, governor organizations, and targeted provincial directorates; and
- Procedures for financial control and audit

The full text of the financial authority and control report appears as Annex E.

### **Enabling Environment for Cooperative Economic Development**

An enabled self-governed political environment creates a structure of locally elected institutions that oversee technical departments and permit local government power and authority over devolved/decentralized services. In order to have effective decentralization, local government institutions need to be knowledgeable and capable enough to exercise those powers and authority granted. Revenue and employment generation, small business creation and development, and enhancement of small and medium sized business activities are underpinnings to any economic development initiative. This is the subject covered in considerable detail in Annex E, Financial Authority Report. The capacities of the targeted provincial governments in providing an enabling environment for economic development face the following challenges:

- Limited provincial Economic Development Planning
- Risk factors: Operations, Security, and Financial
- Iraq Political Unrest and Terrorism
- Crime and Violence

In the next phase of the project, GSP/Taqadum staff will assist the Provinces develop the requisite environment for establishing a cooperative economic development program.

### **Capacity of Provincial Government**

Given the demonstrated commitment, support, and level of participation, the potential for the Iraq GSP/Taqadum project interventions having an impact on the development of provincial government look very good at this time, except for the potential threat of current hostilities and uncertain security within Iraq. The many accomplishments the project has achieved to date as well as the expanded interest and voluntary participation of provinces not selected for participation speaks



volumes about the impact already experienced and supports the belief that favorable impact is also likely in the future.

### **Lack of Community Participation**

There was little evidence, if any, that the “community” participates in provincial government decision-making processes. There is no appreciable community input into local government budgets prepared at the state and local government levels. The community is not included in community development planning, and it does not have a voice in prioritizing community service needs. The public must be aware and understand the political and traditional forces that are active in local government. The public must seek to participate in these processes in order to ensure that these forces consider their input in the decision-making processes.

### **Enabling Legal Environment: Effective Rule of Law System with Uniform Laws, Policies, and Procedures**

The USAID-funded GSP/Taqadum project held a National Legal Workshop titled “Legal Challenges Facing the Implementation of Administrative Decentralization”, November 24 to November 26, 2014, at the Al Mansour Melia Hotel in Baghdad. The workshop focused on discussing laws that govern work of the targeted Ministries of Health, Education, and Municipalities and Public Works. The workshop objective was to identify laws currently shared by all ministries, laws that contradict or conflict with existing administrative policies and decentralization laws, and those laws that may directly affect the successful implementation of Article 45 of Law 21 of 2008 as amended in particular. They specifically address the following:

1. Laws that regulate the technical affairs of ministerial activities and require no amendments such as Law of Eradication of Illiteracy number 23 of 2011 and Law of Narcotics number 68 of 1965
2. Laws that support decentralization which require no amendment since legislation passed after the issuance of Law 21 of 2008 as amended including Article 11 and Paragraph 4 of Article 12 of Law of Unified Pension number 9 of 2014. These laws grant authorities to governors to decide on requests for referral to retirement and extension of civil service for a period of no more than three years when the employee reaches retirement age
3. Laws that restrict authorities to federal government institutions, which contradict the implementation of administrative decentralization, particularly the implementation of Article 45 of Law 21 of 2008 as amended. These authorities are transferrable to the local level and delegated to the governor as the higher executive officer in the province or DGs according to the following:
  - Laws in common that regulate the activities of all ministries
  - Laws of Ministries: Education, Health, and Municipalities and Public Works

The National Legal Workshop attendees included representatives from numerous Iraq national and provincial governmental entities, Council of Representatives, USAID, and GSP/Taqadum staff. One hundred and twenty-two persons participated in the workshop. An additional 30 persons (including GSP/TAQADUM staff, USAID officials, and other organizations) attended the workshop as staff support or observers. Approximately 15 members of the press covered the event—they were not included as part of the total attendees/participants.

The event report prepared by GSP/Taqadum summarizes the findings of the National Legal Workshop held by the USAID-funded GSP/Taqadum from November 24 to November 26, 2014 at Al Mansour Melia Hotel in Baghdad. The purpose of this workshop was to further discussions concerning the legal challenges and conflicts facing the implementation of administrative

decentralization by looking at the laws that govern the work of the Ministries of Health, Education, and Municipalities and Public Works. Participants identified and examined those laws shared by all ministries in order to assess particular areas, which might pose a challenge to administrative decentralization and the implementation of Article 45 of Law 21 of 2008 as amended. This report outlines recommendations for amendments to the laws in question as proposed by the participants of this workshop.

The report includes a matrix that summarizes specific recommendations and actions proposed by workshop participants respecting each law reviewed and discussed. The matrix presentation is in columnar form arranged by name of legislation reviewed, article/paragraph addressed, and a statement of specific action(s) proposed to amend, cancel, repeal, rescind, or otherwise modify language of current legislation. The full text of the subject report appears as Annex C.

### **Foundation of Democratic Governance**

A three-tier system of government where local government is the foundation of democratic governance is (or at least should be) the closest level of government to the people. Its success is dependent on its strength in several critical areas:

- Management competence and capacity strengthened for targeted local governments.
- Transparency in local government financial and related areas needs strengthening.
- Citizen's participatory involvement with governance increased.
- Improving service delivery in targeted sectors

Decentralization activities in Iraq are currently limited to Provincial Governments and Provincial Councils. However, waiting in the shadows is the issue of further decentralization and devolution of functions and services to the Qada, and Nahiyas. This is a concept that is already familiar to Iraqi culture and society. Municipal and town councils, albeit most were appointed and administrative in nature, were around in the in the early days of the invasion.

At the appropriate time, the decentralization program and activities will need to include the third level of government: municipalities, towns, and villages in order to complete the ideal system of decentralization. This should be monitored and advanced as soon as practicable.

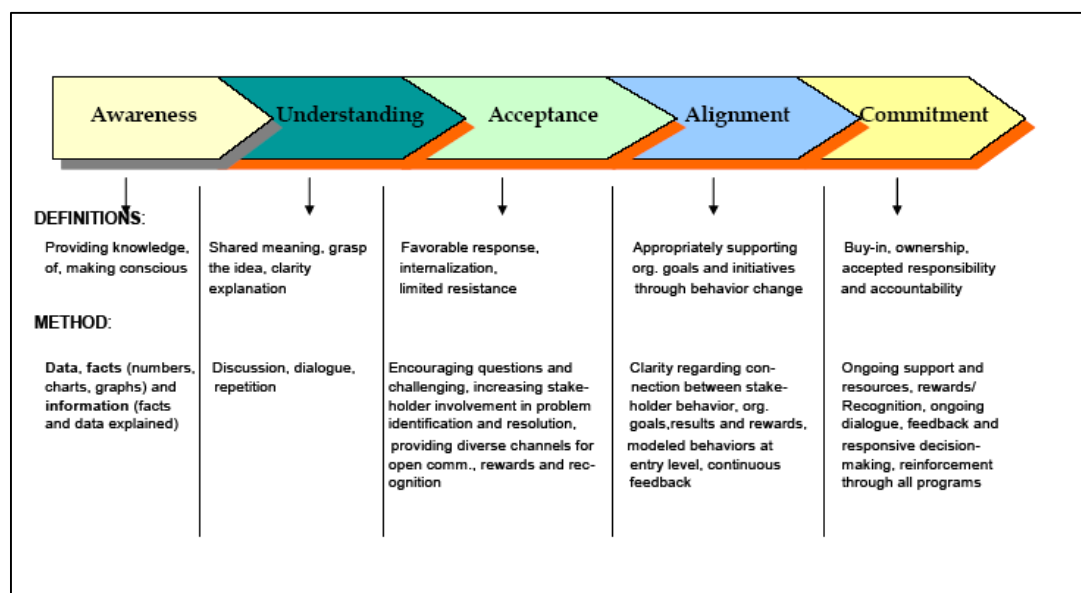
### **ICIP Communications Plan**

Effective strategic communication is the key to successfully implementing large-scale organizational initiatives. Communication is the glue that binds internal and external stakeholders to the vision, mission, goals, and activities of the project. Effective communication engages the hearts and minds of all stakeholders by facilitating movement along the continuum presented on the next page<sup>3</sup>.

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<sup>3</sup> The figure on the next page was borrowed from State of Oklahoma CORE Project Change Management Plan (see <http://www.youroklahoma.com/coreoklahoma/change1.pdf>)

Figure 2 Communications Continuum



In order to ensure that communication among key players is effective, a formal Communication Plan should be a section in the formal ICP agreement. This article or section of the agreement document should:

- Identifies key stakeholders
- Lists what types of information are of most value to our stakeholders. Also identify optimum means of communication and agree on the format for information that is provided
- Establishes the purpose, timing, location and attendees for regular meetings
- States which communication vehicles will be used and whether any steps are required to put them in place
- Includes specific steps that the project team and Stakeholders Council can take to keep everyone who will be impacted by the project well informed

### A Stronger Effort Needed to Eradicate Corruption and Fraud

The need to reduce, minimize, and eventually eradicate corruption and fraud is readily apparent. The negative effects corruption and fraud have on government is undeniable. Fraud and corruption erode confidence in government and siphon off valuable resources that the government might otherwise use for improving public services or investing in community development programs and activities. The eradication of corruption and fraud will benefit the implementation of the intergovernmental coordination improvement plan by restoring confidence in government and minimizing the drain valuable financial resources. Moreover, such an effort is an essential component in the successful implementation of any decentralization strategy.

In a recent article on worldwide corruption in government prepared by Transparency International, the magazine presented its annual report, Corruption Perceptions Index, 20014, Iraq ranked among the world's worst countries in terms of combating government corruption. Also, according to an

article in “The Independent” (Lizzie Darden, December 5, 2014), “*Global Corruption Index: Australia drops out of the top 10 countries and UK not good enough*”, Iraq is ranked the 6<sup>th</sup> most corrupt country in the world behind South Sudan, Afghanistan, Sudan, North Korea, and Somalia—the latter being the most corrupt.

Regardless of the accuracy of the perception or validity of the ranking in the articles cited above, Iraq needs to adopt a more aggressive program with far-reaching anti-corruption measures and severe sanctions in order to combat corruption effectively. Such practices also need adoption and implementation at the provincial government level (and other subnational levels of government in the future).

In a recent crusade against corruption, the government undertook action against the military for having approximately 50,000 ghost soldiers on the government payroll at a cost of approximately 350 million dollars. Based on the results of its investigation, the Government summarily dismissed top-level military generals from service. In this same spirit, the GOI needs to adopt corrupt practices legislation covering both the public and private sectors. Additionally, it needs to establish an anti-corruption and other related offences commission, a Code of Conduct and attendant enforcement body, and a public complaints commission. The Police and other law enforcement agencies need authorization to enforce the law that is very broad in concept and coverage.

As a first step in combating and eradicating corruption and fraud, a community education program that enlists citizen’s participation in reporting occurrences of corruption and fraud (similar to “whistle blower” programs used globally) may prove to be useful in the Iraq’s war on corruption.

### **Participatory and Accountable Government**

Participatory governance focuses on deepening democratic engagement through the participation of citizens in the processes of governance with the state. The idea is that citizens should play roles that are more direct in public decision-making or at least engage more deeply with political issues. Government officials should also be responsive to this kind of engagement. In practice, participatory governance can supplement the roles of citizens as voters or as watchdogs through more direct forms of involvement. All levels of government should support the establishment of mechanisms and programs that will ensure citizen participation in the planning and oversight of government programs, systems, and processes.

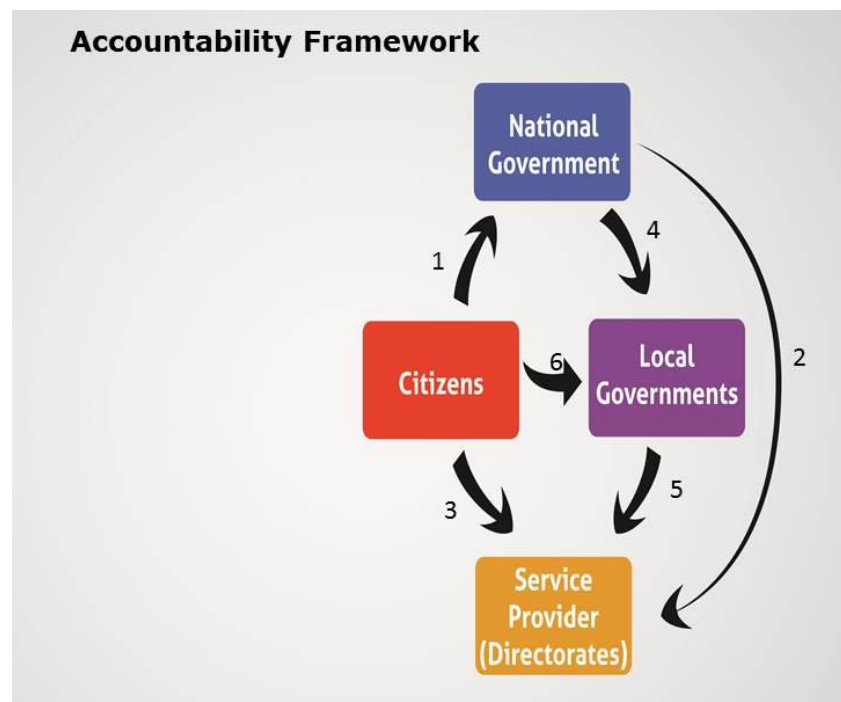
Successful implementation of the intergovernmental coordination plan depends on the program’s ability to facilitate and manage vertical and horizontal relationships between local governments [provinces] and national authorities, as well as strengthening linkages across local government entities.

Mechanisms for bridging national and local governments’ shared interests in improving outcomes for citizens include:

- local public service agreements
- local strategic partnerships
- shared priorities for public services
- Clear national standards providing for more responsive and autonomous local government.
- facilitate formation of public-private partnerships for improved local service delivery
- Coordination, collaboration, partnering, brokering, and linking local institutions with other non-Government resources

Figure 3 illustrates a typical hierarchical structure and interrelationships among key players related to the delivery of government services. Such interrelationships depend on or are affected by the others, or cause persons, groups, or organizational units to have such a relationships in order to achieve accountability in the delivery of government services. As shown in the figure, line connector number two illustrates current relationship between citizens and the national government. Essentially, local governments [the provinces] do not have a role in the process. Conversely, the inner line connectors show a new cycle of accountability, illustrating the inclusion of local governments [provinces] in the process as having primary responsibility as service provider through its organizational structure.

Figure 3 Accountability Framework



### Promoting Sustainable Democratic Governance and Human Rights

The principles of democratic governance are fundamental to establishing confidence in government, the acceptance of and satisfaction with public services delivered. Democratic governance is based on and judged by the application of the following basic principles. In order for a government to demonstrate “democratic governance”, it must ensure in both practice and principle that, at a minimum, its systems, and processes incorporate the following:

- Transparency
- Participatory Decision Making
- Accountability
- Leadership
- General Organization and Management
- Intergovernmental Relations
- Rule of Law
- Continuity and Uniformity in the implementation of programs

- Provide, Effective, Responsive, of Basic Services. Basic services should give priority to meeting the needs of the poor and disadvantaged
- Respect for the rights for all elements of the community

Adoption and application of these principles should be a primary objective of every level of government in order to ensure sustainable democratic governance. The overall success in implementing the intergovernmental coordination plan is dependent on the application of these principles.

### Governing Jointly and Democratically

The low public opinion regarding government is indicative of much-needed reform. There is a general perception of significant institutional and human capacity weaknesses within the government as well as high levels of corruption. The GSP/TAQADUM program aims to mitigate the drivers of instability by facilitating development that is more equitable through stronger public policies and institutions, enhanced governance, and improved services delivery.

The GSP/Taqadum program promotes a more representative, transparent, responsive, and reliable government that meets the needs of its most vulnerable citizens. The program also aims to strengthen government institutions, support reforms including decentralization, and improve the delivery of public services while encouraging more citizen participation in political processes. The enthusiastic support generated and highly committed project partner participation respecting government reforms and decentralization is clear evidence of GSP/Taqadum Project success. Accordingly, the project should maintain its current course by continuing to follow the established GSP/Taqadum project road map.

Direct involvement of Iraqi citizens is crucial for identifying, prioritizing, designing, implementing, and managing the delivery of public services and community development activities. The overall success in implementing the intergovernmental coordination plan is dependent on the application of this principle. Adoption and application of the principle of inclusion should enhance the opportunity of successful implementation of the intergovernmental coordination plan and ensure sustainable governance.

### Conclusions

The existing model of governance and public administration practices needs substantial overhauling in order to be capable of coping with the future challenges of decentralization and to achieve the preferable form of participatory local governance outlined in Law 21, as amended. The minimum requirements for successfully implementing Iraq's decentralization plan embrace the following:

1. There must be a clear division of functions, duties, and responsibilities provided to those selected to administer at both the national and provincial levels of government. These relationships should be determined through dialogue and negotiation and reflected in the law.
2. Autonomous subnational government should exist to manage affairs, functions, and activities designated as local duties and responsibilities as prescribed by law.
3. The people on whose behalf they exercise authority elect the political leadership of provincial governments.
4. Local Authorities must have full control over all resources required for conducting the business of the provincial government and in properly discharging the mandate of their positions.
5. Base the system of participatory local governance on an appropriate legal framework and incorporate provisions into the constitutional arrangements or by-laws of the

provinces in order to safeguard against arbitrary actions at the central level of government.

6. A system of horizontal and vertical accountability and coordination to meet citizens' needs

## **V. THE WAY FORWARD**

The findings, observations, and conclusions outlined and discussed in the paragraphs above illustrate the relative potential in the opinion of the assessment team for successfully implementing decentralization in Provinces. The suggested tasks and activities discussed below represent those things needed to implement decentralization successfully in Iraq.

### **Establishment of Commission to Guarantee the Rights of Regions and Provinces**

Article 105 of the Iraq Constitution states:

“A public commission shall be established to guarantee the rights of the regions and governorates that are not organized in a region, to ensure their fair participation in managing the various state federal institutions, missions, fellowships, delegations, and regional and international conferences. The commission shall be comprised of representatives of the federal government and representatives of the regions and governorates that are not organized in a region, and shall be regulated by a law.”

To date, there has not been any enactment of law and no commission constituted. Though, A draft law related to Article 105 mentioned was read a second reading in the COR on May 23, 2015.

There is another important constitutional article related to the financial allocation to the provinces which is article 106 of the Constitution, which states: A public commission shall be established by a law to audit and appropriate federal revenues. The commission shall be comprised of experts from the federal government, the regions, the governorates, and its representatives, and shall assume the following responsibilities:

First: To verify the fair distribution of grants, aid, and international loans pursuant to the entitlement of the regions and governorates that are not organized in a region.

Second: To verify the ideal use and division of the federal financial resources.

Third: To guarantee transparency and justice in appropriating funds to the governments of the regions and governorates that is not organized in a region in accordance with the established percentages.

### **Private Sector Development**

One of the major policy challenges of the next decade in Iraq will be the strengthening and expanding the private sector. A strengthened local government system can play an important role in creating a vibrant, expanding, private sector. Some of the key policy issues related to private sector development for action include:

- Rescind or rewrite all laws, rules, and regulations that presently discourage, prevent, harm, and destroy economic growth at all levels in Iraqi society.
- Introduce modern private sector banking and finance systems structured to support and strengthen innovative and profitable enterprises, investment credit for private companies and corporations.



- Utilize Iraq's oil and gas resources in ways that encourage new industries, expand agriculture, and other income generating activities that are sustainable over the long-term.
- Strengthen university curriculums to introduce modern business practices, stimulate economic investment programs and new technologies.
- Create a Ministry of Local Economic Development that encourages networking, leveraging, and partnerships between the public and private sectors. (Provincial governments need to establish a similar unit at the provincial level). Such a ministry would promote and generate business enterprise opportunities, employment expansion opportunities and seek to alleviate and/or eliminate extreme poverty nationally.

### **Strengthen Relationship Between GO and the PC**

The relationship between the GO and PC has been a source of misunderstanding and at times conflict. Law 21 outlines and describes the competencies of each, but lacks a detailed description. Confusion over the difference between the monitoring and oversight duties of the PC and GO resulted in duplication of effort and confusion. The clear separation of duties and powers can strengthen the institution.

With the transfer of service delivery authority to Provinces, the need for clear roles and responsibilities is increased. Successful management of service directorates requires a clear management structure with defined duties for the PC and GO. Exercises, such as the intensive 5-day workshops for PC committee chairs, GO officials and directorate unit heads, held for each province by GSP/Taqadum, will need repeating to reinforce a common understanding of what PCs can and cannot do. This common understanding must include the Prime Minister's Office. Provincial leaders report frustration in working with central government offices that appear not to fully understand the relationships outlined in Law 21.

### **Changing the Legal Environment**

Law 21 provides that Governors and two deputies are elected by an absolute majority of the PC and further, that the Governor is the "highest-ranking executive officer in the Province at the rank of deputy minister as regards rights and service". In practice, Governors must respond to the wishes of both the PC as well as the desires of the central government, including the Prime Minister. The real or perceived reporting requirements on the part of the Governor, PM and PC result in confusion over the powers of the Provinces and should be studied and clarified.

### **Functional Independence and Cooperation between Central and Provincial Governments**

Provinces need clear legislative authority and adopted legislative procedures in PC bylaws so that they can write regulations to guide their own administrative and financial affairs, and overcome challenges – as granted in Article 122 of the Constitution. Law 21, Article 7, Twelfth, directs that council decisions and orders be published in the gazette, but does not mention legislation. The amendments did not change this sub-section, leaving an opening for those who cite the passage as evidence of the PC's inability to enact legislation, despite the provisions of Article 2, which confirms that the Province council "is the legislative and regulatory authority in the Province with the right to issue local legislations."

Many recommend that Law 21 should outline the executive powers granted to Provinces in order to avoid any disputes or conflicts with other laws. The clear ability to legislate is especially important when service delivery units, with their staffs and budgets are transfer to Province authority. In the



past two years, the Taqadum Sub Legislation Implementation Tracking activity has built the capacity of Provinces to draft, pass and archive, and track the implementation of legislation. (See Annex C, Legal Environment Report for detailed analysis and proposed legislative agenda).

### **Setting an Environment Conducive to Development of Local Government in Iraq**

The following are concepts and principles that implementers should take into consideration in preparing and implementing a local government development plan. Both scholars and government practitioners of developed, democratic countries throughout the world universally accept the concepts and principles presented herein. Future projects involving local government development should encourage the adaptation and application of these concepts and principles to the local government development process.

### **Definition of Local Government**

To distinguish the term governance from government: "governance" is what a "government" does. It might be a geo-political government (nation-state), a corporate government (business entity), a socio-political government (tribe, family etc.), or any number of different kinds of governments, but governance is the physical exercise of management power and policy, while government is the instrument (usually collective) that does it. Use of the term government frequently functions abstractly as a synonym for governance, as illustrated in the Canadian motto, "Peace, Order, and Good Government".

Local Government is an administrative body for subnational geographic area, such as a state/provincial, County, municipality, or town. A local government typically has only authority and control over their specific geographical region, and cannot pass or enforce laws that will affect a wider area. Local governments can elect officials, enact taxes, and do many other things that a national government would do, just on a smaller scale.

Governance is the act of governing. It relates to decisions that define expectations, grant power, or verify performance. It consists of either a separate process or part of management or leadership processes. A government typically administers these processes and systems. The definition applied to local government should be uniform and applied consistently with respect to the various levels of local government.

### **Principles of Good Governance**

Good governance is based on and judged by the application of the following basic principles. In order for a government to demonstrate "good governance", it must know and understand the theory of good governance. Government must ensure in both practice and principle that, at a minimum, its systems, and processes include and adhere to the following:

- **Transparency.** Availability of reliable information (the provision of appropriate, necessary and relevant information to stakeholders when needed and upon demand)
- **Participatory Decision Making.** Partnerships with stakeholders--provision of a voice for all stakeholders in the formal and informal decision-making processes.
- **Accountability.** Decision-makers are answerable for their actions and violators penalized accordingly.
- **Leadership.** Provides a clear and strategic long-term vision. The organizational entity Vision and mission are owned by all and are arrived at consensually and in a participatory manner.

- **General Organization and Management.** Existence of clear organization relationships, management institutions, and processes characterized by the absence of a minimum of red tape.
- **Intergovernmental Relations, i.e., vertical and horizontal coordination and information sharing.** There must be a presence of coordinative relationships (from simple sharing of information to activity sharing to clear delineation of hierarchy between and among national and local institutions, or among co-equal levels of government.)
- **Rule of Law.** Controlling legal systems must in place and govern all government processes. A stable and legal framework must be fair and impartially enforced.
- **Continuity and Uniformity in the implementation of programs.** Government processes must be predictable and sustainable.
- **Effective, Responsive, Provision of Basic Services.** Basic services should focus on giving priority to meeting the needs of the poor.

The GSP/Taqadum team should prepare and conduct a course/workshop addressing these principles for both the Governor's Offices and Provincial Councils.

## **Participatory Governance**

Participatory governance focuses on deepening democratic engagement through the participation of citizens in the processes of governance with the state. Participatory governance is inclusive governance. The idea is that citizens should get involved with and play roles that are more direct in public decision-making, or at least engage more deeply with political issues. Government officials should also encourage and be responsive to the engagement of citizens, organizations, professional associations, and public interest groups in policy formulation, service priorities, and government oversight. In practice, Participatory Governance can supplement the roles of citizens as voters or as watchdogs through more direct forms of involvement.

## **Local Governance Stabilization and Security**

The provincial government development policy should work to press the central government on extending decentralization downward to the lower levels of subnational government. The policy should not be the continuation of or mirror the previous centralized power structure. The new effort should emphasize dispersing power in as many hands as possible. Failure to do so in effect makes Iraq a less stable country. Local governance through an empowered local government is stability. Merely improving service delivery and quality of services does not ensure community stabilization and security. The realization of stabilization and security also requires enhanced democratic expression and a reliable system of defining needs, priorities, and resource requirements.

## **Institutionalization of Coordinated Planning and Coordination**

The design, development, and implementation of the Essential Service Delivery Oversight (ESDO) process, was developed and implemented in response to the contractual requirement of “Component II: Executive Oversight” of the GSP/Taqadum contract. Component II, called for providing technical assistance to provincial and local elected officials in order for them to hold executive ministries accountable for improved services”. The ESDO process is a practical way and means by which to determine the effectiveness and efficiency of the delivery of essential services to citizens and constituents of Iraqi provincial governments.

The EDSO process also served as an important mechanism for isolating and identifying solutions for rectifying any deficiencies in delivering essential services that might exist. The SDIP is the product resulting from the EDSO processes and activities. The overall objective of EDSO is to prepare provincial governments “establishing standards, collecting indicator data, measuring service delivery gaps to effectively and efficiently improve essential services”. Optimistically, all provincial governments will inculcate these principles and sustain the EDSO process in the oversight of their respective service delivery systems.

The paragraphs following are paraphrased excerpts from the “Comprehensive Report, July 2014”, an earlier contract deliverable submitted by Chemonics, Inc. to USAID, summarizing the process, undertakings, and results of the activity. These paragraphs illustrate the importance of the EDSO activities regarding the institutionalization of continuous services delivery strategic planning.

Through GSP/Taqadum’s Essential Service Delivery Oversight (ESDO) activities, councils and governors’ offices can use hard data and collaborative means to drive improvements in service delivery provided by line ministries in the provinces. ESDO working groups conducted site visits and surveys to measure, test, and collect data on different services and compared that data with established Iraqi standards to determine gaps in the delivery of water, sewage, trash, and drainage services in targeted neighborhoods. By the end of GSP/Taqadum programming activities, all targeted provinces institutionalized ESDOs as functional units within the GO, thereby sustaining this activity and moving forward. As a direct result of this GSP/Taqadum intervention, provincial leadership in seven provinces expended \$47.9 million in service upgrades to close the gap between actual and planned service levels.

GSP/Taqadum’s ESDO activity was one of its most successful interventions. In the 11 provinces where ESDO work groups were established, six provinces institutionalized ESDOs as fully funded and functional units added to the GO organizational structure and will continue, post-project. These ESDO units are the most visible models of how a GSP/Taqadum intervention gained recognition for delivering superior value and the counterpart is now sustaining the process. People will continue to use the GSP/Taqadum’s ITRS and SLIT databases to collect and manage data and support efficient accessibility and use of government information to ensure more effective monitoring, oversight, and management of local government services.

### **Intergovernmental Coordination Improvement Plan**

The phrase ‘Inter-governmental relations’ defines the relationships between spheres of government where each sphere of government is distinctive, interdependent, and interrelated’. Under Law 21, Iraq’s Provincial governments are an independent sphere of government, not merely a function or administrative implementing arm of the central government. It is important to point out that even though the two of spheres of government are autonomous, they exist in a unitary system, have to work together in reaching decisions on matters of mutual interest, and must co-ordinate and cooperate in the development of budgets, policies, programs, and activities, particularly for those functions that cut across both spheres. Implementation of policies and government programs require close cooperation and coordination between spheres of government, especially at the executive level.

An ICIP is a comprehensive “super-plan” that provides a framework for development. It intends to address the needs of the people in the jurisdiction, draws in stakeholders and other spheres of government, and plans for infrastructure and local resources needed to carry out the plan. A single Intergovernmental Coordination Improvement Plan will be prepared. It aims to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in the province. It should take into account the existing conditions and problems and resources available for development. The plan should look at

economic and social development for the area as a whole. It must set out a framework for how land is used, infrastructure and services needed, and how to protect the environment.

Provincial governments must deliver services, provide facilities, and build healthy and safe communities. There are many different sub-communities with different needs within the provinces. Services cannot be delivered in bits and pieces: for example, if a new housing settlement is planned it has to be supplied with roads, sewage, schools, houses, water, electricity, parks, waste removal, streetlights, public transport, health services, etc. Each of these come from a different department and sometimes even a different sphere of government and the cost of each of these services originates from some agency or department budget. The need for joint planning, coordination, and cooperation in planning the delivery of services is self-evident. Therein rests the importance of intergovernmental planning and coordination.

There are many opportunities for government, business, communities, and organizations to influence service delivery plans during the different phases of preparing the ICIP. Accordingly, intergovernmental coordination and planning requires broad-based consultation with local forums and stakeholders.

### **Empowering Local Communities**

Local service delivery can work in tandem with economic development. Education, health, and water issues will bring more people to the democratic development discussion than extolling the virtues and advantages of "democracy".

There are four dimensions of empowerment to consider in discussing local communities empowerment: psychological, social, economic, and political. The conditions that facilitate local empowerment included the perception of government responsiveness to the needs of the community, the adequacy of essential services and effectiveness of their delivery, rights to manage resources, political organization of communities, and effectiveness of collaboration by stakeholders.

The wide range of strategies to empower local people included intensifying local partners and stakeholder participation, linking them to local education sources, providing information back to communities through effective communications mechanisms, and inserting local people into broader politics, to name but a few. Politicians should take advantage of local facilitating conditions to enhance the empowerment of communities, keeping in mind that increasing autonomy to make management decisions is a good thing.

### **Gender, Youth, Aged, and Disabled**

In the spirit of inclusiveness, provincial governments need to develop outreach programs that address the special needs of citizens groups based on gender, youth, aged, and the disabled. Even though many of these groups may be organized and have advocates pursuing their interests, it is imperative that any planning process and resulting plan include points of views of these groups in order to ensure that their rights and interests are not marginalized. Intergovernmental coordination and planning activities should include representation from these groups as part of the review process of the IC IP.

## ANNEXES

### ANNEX A

# Advantages and Disadvantages of Decentralization

## Advantages

### Some advantages of decentralization are:

- Better control and supervision
- facilitates greater popular participation in governance
- curbing excessive concentration of power
- facilitates a better division of labor in the management of public affairs
- provides the opportunity for a wider diversity of innovations, and increases flexibility of government in the context of changing circumstances.
- facilitates the mobilization of local resources in support of the development process
- Facilitates quick decision-making
- promotes pluralism and dynamism in the society
- fosters accountability, transparency & openness,
- “allows for representatives of civil society to be appointed to carry out over-sight functions on behalf of citizens, i.e. to examine transactions, enquire into use of public resources and the exercise of authority by public officials, and to report their findings to fellow citizens”

## Disadvantages

### Some disadvantages of decentralization are:

- Uniform policies not followed:
- Problem of Co-Ordination:
- More Financial Burden:
- Require Qualified Personnel
- Inter-regional inequalities may increase, and thus widen intra-national poverty gaps and foster politically destabilizing forces
- Can bring higher risks of resource/power capture by local elites or special interest groups.
- Misuse of authority due to inadequate supervision/ weak accountability mechanisms
- creates the potential for conflict between local and national interests
- Represents a more complex form of governance as to role and functions, relationships, and revenue and power sharing

\* The most controversial issues are: finance, definition of roles, functions of, and relationships between the different levels of government or operations.

## **ANNEX B**

### **ILLUSTRATIVE INTERGOVERNMENTAL COORDINATION PLAN FORMAT (FOR FUTURE COORDINATION PURPOSES)**

#### **Mission Statement:**

The mission of the Office of Strategic Planning & Intergovernmental Relations is to ensure the operations of the province align with the vision and priorities established by the Provincial Council; to ensure protection of the province's interests; and, to achieve the interests of the Province through active involvement in the legislative process and strong intergovernmental relationships.

#### **Functional Organization Structure:**

Include an organization chart that represents basic structure of the Intergovernmental Relations Commission (IRC)<sup>4</sup>

#### **Strategic Planning & Intergovernmental Relations:**

Describe the purpose, goals, and objectives of the IRC as related to the Commission's responsibility for national, provincial, regional, and local intergovernmental relations, including the development of legislative agendas, coordination of information and monitoring of relationships through the Commission's program.

#### **FY (201\_) Program of Services Program Action Plan**

This section outlines in detail specific programs and activities comprising the Commission's action plan for the upcoming year. (The Commission reviews and updates Action Plans annually.) The action plan encompasses the following items:

##### **Program Summary**

###### **Services Program Descriptions:**

Service 1: Intergovernmental Relations

Service 2: Strategic Planning

Service 3: Support to the Governor's Office and Provincial Council

Other Services and Activities

##### **Service Levels**

Service Level Expectations: Cite and explain services priorities

Service Level Measures: List indicators for successes and monitoring activities

##### **Legal Agreement Framework**

Agreement document

Government Unit Resolution

Other legally binding instrument

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<sup>4</sup> The name Intergovernmental Relations Commission appears for illustrative purposes only.